

**MTEEP Monitoring & Evaluation Project
Semi-Annual Formative Report**

ACKNOWLEDGMENT

The United States of America has long demonstrated a moral imperative to help those in need. The present policy of the United States is to assist in the transformation of Central and Eastern Europe from a centrally controlled economic system to that of a market economy based upon democratic principles.

The Management Training and Economic Program (MTEE) is an efficient and effective program resulting from successful cooperation between United States Agency for International Development (USAID) and American and counterpart universities. It has one objective - the development of a new and successful democratic economic system.

This Report is an overview and analysis of the MTEE program.

I want to express my appreciation to the members of the DATEX Evaluation team: Mary Ann Zimmerman, Melora Sundt, Lubov Fajfer, and Dennis McConnell for their professional work under difficult circumstances and the support staff of DATEX in Washington, D.C. and in Los Angeles.

I am also grateful to the USAID Washington, D.C. and the USAID mission staff for their assistance and support.

May the 1996 year of activities bring more hope and opportunity for a better life to the people of the countries we assist.

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MTEEP Evaluation

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Executive Summary

USAID's Management Training and Economics Education Project (MTEEP) was authorized in December, 1990, to develop the technical, management, and economic skills necessary to reconstruct Central European economies and to develop competitive markets and businesses. It is expected to continue to June 30, 1999. Eleven U.S. universities (in twelve grants) now partner with over fourteen local institutions of higher education in a geographical area covering nine countries from the Baltic States in the north to Albania in the south. These programs provide technical assistance to develop self-sustaining, high quality, management training and economics education programs through "centers of excellence."

The grantees are involved in a variety of service delivery models including academic programs (Ph.D. and MBA), certification programs, short workshops, faculty development in the United States and in-country, small business development advising (counseling) and local resource development (building and stocking libraries and computer centers, for example).

Datex, Inc. was awarded a monitoring and evaluation contract on July 14, 1995, to provide technical assistance for formative monitoring and summative evaluation of MTEE projects.¹

This is the first formative monitoring and evaluation report under this contract. This report covers the period of July 14, 1995 through December 31, 1995, although in a few cases, earlier activities are included.

The purpose of this report is to present findings and recommendations regarding the activities of the MTEEP grantees and to report on their efforts toward creating high impact programs which are sustainable, particularly with respect to developing financial independence from this grant. It also is intended to discuss the M&E methodology being drafted since July and to specifically propose impact and sustainability indicators for individual projects that will allow progress to be more effectively tracked in the future -- both at an individual grantee level as well as across the whole MTEEP program.

The monitoring and evaluation process used in developing this report included a number of steps. Among them were:

1. Consulting with Project Directors by telephone and fax on a regular basis.
2. Communicating with Project Directors, USAID mission offices, and others interested in the project through the bi-weekly newsbrief, distributed electronically and by fax.
3. Meeting with Project Directors and USAID/W staff during the Project Directors* meeting in November, 1995.
4. Meeting with project staff, participants, faculty and USAID staff during the first of twice-yearly site visits conducted during November and December, 1995; eight of the twelve

¹ *Formative monitoring* is used to track results, to assess how well a program is doing in achieving its objective. *Summative evaluation* answers questions about the "how and why" results are, or are not, achieved.

- grantee projects in six countries were visited.
5. Reviewing all available documentation regarding the projects including their contracts, their quarterly report, and their monthly updates.

The evaluators' assignment began July 14, 1995, about one year after the previous M&E contract ended and at the same time that USAID issued a RFP for the projects now being assessed. Many of these projects have therefore been operating for more than one year, as continuations of a previous contract; others have only recently signed contracts. The data requirements being requested of grantees by the M&E team are just now being finalized. As a result, the information available for this report was varied, in content and availability. However, we believe a strong base has been established for future reports which will provide more definitive information on the impact and sustainability of the MTEEP efforts in achieving the overall objectives of the program.

Program Impact

For this first report, the impact information that is available is of two types: quantitative -- the numbers of participants in various programs -- and anecdotal -- examples given on a case-by-case basis of the impact of certain programs on individuals involved or on the businesses they run and organizations they work for. Over 15,000 participants have received training and technical assistance from these programs since the MTEE program start in 1990, including the awarding of the first Ph.D. from a project-created program. Preliminary information suggests that participation rates of women have averaged 30 percent.

Near term impact has been demonstrated in numerous ways: the redundant public sector employee who starts up a business after attending a MTEEP-sponsored entrepreneurship conference; or start up businesses receiving critical financing based on business plans developed with the assistance of MTEEP-trained counselors. Long term impact is coming from the graduates of MBA and PhD programs who are becoming key government and private sector policy makers and senior managers or certified Master Business Counselors who are now training others who are providing business support services to newly emerging small businesses.

Issues For Ongoing Review

There are a number of issues which the MTEEP M&E team identified during the initial site visits. Certain of these warrant further review by those involved in the MTEEP effort. Where possible, the issues listed will be incorporated in future assessments by the M&E team.

Regional context. Various analyses of economic trends under socialism unequivocally point to the fact that, had the system continued, there would have been an overall decline in the standard of living. However, this lesson is often lost as the social costs of transformation to a market economy begin to be felt by increasingly wide percentages of the population. As a result, the pressures on governments to slow down the reforms continue to increase. The evaluation team wants to look at such questions as: What is the impact of these pressures on MTEE programs? How can MTEE programs strengthen the base of support to continue transformation efforts?

Programmatic Issues. Grantees seem to face some common issues when their activities are grouped by type of program offered: academic programs, certificate programs, short cycle workshops and training programs, business counseling/support centers, and other forms of support (such as library resource development).

For *academic programs*, issues include:

- C Who awards the degree, the U.S. institution or the local institution? Which better serves the objectives of the MTEE program?
- C Where does the MBA fit into the European model of higher education?
- C Given the different clientele each attracts, which should be offered initially: a part-time executive or week-end MBA (WEMBA) or full-time day-program MBA?

The value of providing *certificate programs* is linked into a tradition in Central European countries which consider documented achievement (a certificate) as critical to professional advancement. It is also linked to a definition of program quality that can be uniformly agreed upon. What does this mean to Total Quality Management programs (TQM) in Hungary, or to Professional Business Counselor (PBC) programs in Romania?

There seems to be a trend towards packaging *short cycle workshops* into clusters by theme, and sometimes leading to some form of certification upon completion of the package of offerings. Why do these seem to result in higher impact than individual workshop offerings?

MTEEP programs in several countries are emphasizing *business counseling/support centers* for small and medium businesses and their management. The impact of this type of high intensity support needs to be assessed against other types of services including group-oriented training as well as academic programs.

Cross-Cutting Issues. There are other issues which are not related to the type of program offered that deserve reflection as the MTEEP activities continue. Some key questions identified in the course of developing this report include:

- C What are the implications of affiliating with a particular type of institution -- an Economics University, Polytechnic Institute, or newly established institution?
- C Once trainers are trained, how can their local 'center of excellence' retain them?
- C What are the factors affecting participation rates of women in these programs?
- C To whom do the grantees answer and what impact does this have on project implementation?
- C To what extent can the experiences of one project be transferred to another, successfully?

Recommendations

Numerous recommendations are provided in this report for the overall project as well as for each individual grantee. Listed here are the two or three key recommendations identified through the M&E efforts to date -- for the overall program and for each project. In-depth discussion of these recommendations appears in the body of the report.

Overall MTEE program

1. On-Site Director: It is critical to the success of these programs that has a high quality, full time, on-site director.
2. The program needs leadership: Even with staffing changes and government shut downs, the project is successful, as this and previous evaluations have shown. However, there is a tremendous lack of information communicated between USAID offices as well as with grantees and others outside the program. It needs a “champion” in Washington who can assure that the impact of this effort is well understood within the Agency as well as outside.
3. Focus on attracting government participation: With the recent shifts of country governments back to “reformed” or “social” democrats, more concerted effort is needed to draw government members into the MTEE programs.
4. The M&E team should become a clearinghouse for “good ideas”: As part of the reengineering effort, USAID should formalize the M&E team role to include serving as a clearinghouse for training strategies for the MTEE project.
5. Understand why women’s attendance rates are what they are: Projects should explore why their female participation rates are low or high, and where appropriate, look for creative ways to bring interested women into the program.
6. Pilot the PTMS process: USAID/W should initiate a pilot project through the M&E team, and others working to improve the PTMS system, to develop and test linking the PTMS system for gathering in-country training statistics with in-country performance analyses.

By Individual MTEE Project

Albania: University of Nebraska-Lincoln

1. USAID/UNL/University of Tirana should develop explicit agreements on the structure and implementation of the MBA program.
2. UNL should assure that there is an in-country manager with the background, authority and support to handle program management and representational responsibilities of implementing this effort.
3. The Business Assistance Centers should be staffed, equipped adequately and have specific implementation plans documented for ease in tracking progress.

Bulgaria: University of Delaware

1. USAID/W and USAID/Bulgaria should agree to and finalize necessary documentation for the change in focus in the UDEL program as contained in the USAID/Bulgaria November 2, 1995 memorandum.

2. The UDEL role in the activities of the Steering Committee should be clarified. Their participation in this committee should not drain their attention/resources from other activities approved by USAID/W.
3. The UDEL should provide information to USAID on what it would take for the Advanced Management and Economics Programs to be continued to a point of sustainability within a local institution.

Czech Republic: University of Pittsburgh

Center for Economics Education and Research and Economics Institute (CERGE-EI)

1. Maximizing the benefit of CERGE-EI: CERGE serves as a feeder for national think tanks and has the facilities and expertise to provide Ph.D. economics training regionally. USAID should utilize this resource for expert services on economic issues in the region as well as assist students from the NIS and Central Asia to study here.
2. Student recruitment: In order to increase the number of students applying to CERGE, recruitment must go beyond the Faculty of Economics to include the Departments of Mathematics and Physics where high quality students are found.

Czech Management Center (CMC)

1. Program sustainability: Program and financial management responsibilities must be actively handled by local leadership in the face of the USAID mission closing.
2. Understanding the competition: CMC staff should visit and study other MBA programs so that it can better define its uniqueness, and identify and improve areas where it is vulnerable to competitors.
3. Refining CMC's market niche: CMC can specifically target and strengthen its work in entrepreneurship development as few other programs do that.

Hungary: SUNY-Office of International Programs

1. All TQM centers should study their markets and develop 'niches' such as the Szeged Center has done; this could include marketing their own consulting capacity to businesses. The centers could coordinate these and other activities more effectively.
2. Given SUNY's success in adapting TQM methodology to Hungary, USAID should explore the potential for such a program in neighboring countries.

Hungary: Indiana University

1. Specific program requirements, including duties, expectations and time lines, for Budapest University of Economic Science (BUES) faculty should be clearly outlined in the proposed

contracts.

2. The ongoing business development efforts should focus on specific companies and markets such as women in management, women entrepreneurs, companies and the press, and programs for government officials. For example, the specialized training programs for MATAV and Babolna planned previously should be completed. Women participants should be integrated into all program offerings.

Latvia: SUNY - Buffalo (not visited)

1. Explore the reasons for the strong female participation rates in the pre-MBA program.

Lithuania: Texas A & M International University (not visited)

1. The project's goals, as stated in the proposal, are diverse. TAMIU should focus efforts to maximize the short time available for implementation of the grant.

Poland: The University of Maryland

1. Clarify and determine level of commitment of the University of Lodz (UL) personnel involved in the Polish-American (PAM) Center's activities and development; if there are obvious time constraints, then this person should be replaced or someone else designated to assist him/her.
2. Designate a UL representative responsible for following up and enforcing the various agreements and promises made by the UL officials.
3. Continue to conduct market research to determine seminar topics of most interest to the business community.

Poland: The University of Minnesota

1. The computer facilities at Warsaw School of Economics currently provide Word 2.0, and therefore need to be upgraded as soon as possible.
2. Given the increasing influence of the former communist party in the government, it is imperative that the MTEE project at the Warsaw School of Economics aggressively reach out to the government for potential students.
3. Given the depressed nature of the region, the MTEE project at the University of Agriculture and Technology in Olsztyn must develop some financial aid mechanisms for potential students.

Poland: Central Connecticut State University (not visited)

No recommendations at this point.

Romania: Washington State University

1. Utilizing the results from the Lancashire report and the sustainability plans for each Center for Business Excellence (CBE), WSU should assess carefully the potential for success of each center based on the resources available during the grant period.
2. During the second half of 1996, WSU should look at the other three components of their program and compare their potential for sustainable impact against the CBEs.

Slovakia: The University of Pittsburgh (not visited)

1. If the local on-site coordinator has not yet been hired, the team recommends that it be filled immediately as the on-site person needs to be available with the start of the WEMBA program, at a minimum.
2. The project is very ambitious. The evaluation team encourages the University of Pittsburgh and the Economic University in Bratislava to think through their time line and expectations carefully, to perhaps refocus the program so as not to stretch what limited funding there is beyond its capacity.

Chapter 1 Introduction

1.0 The Project Being Evaluated

USAID's Management Training and Economics Education Project (MTEEP) was authorized in December, 1990, to develop technical, management, and economic skills necessary to reconstruct Central European economies and to develop competitive markets and businesses. It is part of a broader programming effort authorized in 1989 by the U.S. Congress as The Support for Eastern European Democracy Act (SEED). Eleven U.S. institutions of higher education (in twelve grants) now partner with educational institutions in a geographical area covering nine countries from the Baltic States in the north to Albania in the south.

The programs provide technical assistance to develop self-sustaining, high quality, management training and economics education programs through Centers of Excellence. The Centers provide a variety of programs including faculty training, small and medium business management training, and advanced degree programs.

Originally, the project was centrally managed from Washington, D.C. This approach changed in 1993, when at the direction of Congress, USAID shifted many (and in the case of Poland, all) of the management responsibilities to the field offices.

1.1 Purpose of the Report

Datex, Inc. was awarded the monitoring and evaluation contract to provide technical assistance for formative monitoring and summative expert evaluation of MTEE projects.

The purpose of this report is to present findings and recommendations regarding the activities of the MTEEP grantees and to report on their efforts towards creating high impact programs which are sustainable, particularly with respect to developing financial independence from this grant. In addition, as this is the first report under the new monitoring and evaluation (M&E) contract, the proposed impact and sustainability indicators for each project are presented. These indicators will be used to measure the progress of the grantees for future reports.

1.2 Scope

This report covers grantee activity during the time period of July 14, 1995 to December 31, 1995. When additional information has been available for periods prior to this, that information has been included.

1.3 Methodology

There is no perfect way to evaluate a program's impact on a population. Each approach, tool and concept suffers from problems of definition, measurement or quantification, reliability and interpretation. Any approach represents a compromise. Information is selected or ignored. What an

evaluator selects is then subject to being highlighted or de-emphasized. The key to an effective evaluation process is to make informed compromises. The goal of the evaluation team is to provide the most useful, complete and accurate information and analyses possible, given its understanding of the program's objectives, cost and time constraints, and program cooperation and participation constraints.

Indicators, the mechanisms by which one determines whether or not a program meets its objectives, must be linked to objectives. In other words, there is no point counting the number of people attending a training session (an indicator) if specific participation rates (an objective) are not an issue. This report includes a brief discussion of each country's strategic objectives as defined by USAID, and the relationship of the MTEE project to those objectives.

Impact and sustainability are the two primary objectives for the MTEE project for which indicators are needed, but these are difficult to quantify. Therefore, the evaluation team has relied and will continue to rely on both quantitative and qualitative indicators. Impact is defined as occurring on four levels: acquisition of knowledge and skills, satisfaction with that acquisition, utilization of the knowledge and skills, and change in behavior at the individual, institutional and, ultimately, the environmental levels. Sustainability can be thought of as occurring on three levels: the programmatic, the organizational and the financial.

The draft monitoring and evaluation (M&E) methodology (the indicators and the plan for evaluating the projects) was developed at the evaluation team's offices in Los Angeles and Washington, D.C., and was presented, discussed and modified at the Project Directors' Meeting in November, 1995, and during the site visits in November and December, 1995. The methodology can be found in Appendix A this report.

The entire monitoring and evaluation process for this report included:

1. Consulting with Project Directors by telephone and fax on a regular basis;
2. Communicating with Project Directors, USAID mission offices, and others interested in the project through the bi-weekly newsbrief, distributed electronically and by fax;
3. Meeting with Project Directors and USAID/W staff during the Project Directors' meeting in November, 1995;
4. Meeting with project staff, participants, faculty and USAID staff during the first of twice-yearly site visits conducted during November and December, 1995; and
5. Reviewing all available documentation regarding the projects including their contracts, their quarterly report, and their monthly updates.

Consultation with Project Directors. The evaluation team divided the MTEE program into a "northern" and "southern" tier and assigned two evaluators to the projects in each tier with the responsibility for maintaining contact with the projects and coordinating site visit itineraries. The northern tier includes: Poland: Central Connecticut State University, the University of Maryland, and the University of Minnesota; Czech Republic: the University of Pittsburgh; and Slovakia: the University of Pittsburgh. The southern tier includes: Hungary: SUNY (Office of International Programs) and Indiana University; Albania: University of Nebraska-Lincoln; Bulgaria: University of Delaware; and Romania: Washington State University. The two Baltic projects, SUNY-Buffalo

in Latvia and Texas A & M International University in Lithuania, were covered personally by the M&E Project Director.

Bi-weekly newsbrief. The M&E team produces a newsbrief every two weeks that is distributed to a list of approximately 40 people interested in or directly involved in the MTEE program. Every edition includes information about the status of the project with an emphasis on evaluation issues, information on and from USAID, and profiles of grantees* programs. The newsbriefs have been a useful tool for communicating quickly and for maintaining regular contact with the grantees.

Project Directors Meeting.* The full description of the methodology was reviewed with all Project Directors at the Project Director's conference in November, 1995. This meeting provided the Project Directors with the opportunity to meet with other Project Directors, the Datex staff, and USAID/W staff to discuss expectations and processes for monitoring and evaluating the MTEE program. At this meeting, it was agreed that:

- C the evaluation process should rely on qualitative information more so than in the past;
- C as the projects are being implemented in different countries, each with different laws affecting privatization efforts, different levels of government and institutional support affecting project implementation efforts, and different degrees of success in transforming their economies, these contexts should be noted in any reports;
- C cross-project quantitative comparisons should not be made unless the issues being compared were of the same type (i.e., MBA programs), and then differences in implementation barriers noted; and
- C reporting requirements (forms, reports, etc.) would be simplified as much as possible with attention paid to coordinating USAID/W requests with requests from local USAID offices (including exploring and piloting the use of the Participant Training Management System, PTMS, for the collection of demographic data).

Site Visits. During the site visits in November and December, 1995, the evaluation teams met with USAID mission staff and in country program staff to further refine the evaluation process and develop customized indicators for each grantee (i.e., tailor questionnaires to grantees' needs, and develop specific evaluation goals for each project by specifying what "impact" and "sustainability" mean to those projects).

In addition, these visits allowed the evaluation teams to:

- C pilot the draft questionnaires with participants and other project-related people;
- C develop a baseline for comparison purposes of the economic and political contexts in which projects are operating, specifically looking for information regarding what they are starting with, how hard is it to do business there, and what is their definition of success;
- C gather information for the first semi-annual report: what's working and why; what has been happening with the projects in the last 6 months; and
- C make initial contact with project and USAID staff, and introduce the evaluation team and its methods to them.

The proposed indicators for each project appear in this report at the end of each project*s chapter.

Review of quarterly reports. The M&E team expects to receive all written reports by the grantees that are submitted to USAID/W. However, the flow of information has not been as smooth as one might hope. As the projects have joined the MTEE program at different dates, each is in a different stage with respect to having established regular contact with USAID/W and having established a routine for submitting reports. Therefore, this report includes information from those reports when those reports have been available.

1.4 Countries and Projects Included

The following countries and projects are included in this report. Those which were not visited during a site visit are marked.

- C Albania: University of Nebraska-Lincoln
- C Bulgaria: University of Delaware
- C Czech Republic: University of Pittsburgh
- C Hungary: State University of New York, Office of International Programs; and Indiana University
- C Poland: University of Minnesota, University of Maryland, and Central Connecticut State University*
- C Latvia: Texas A & M International University*
- C Lithuania: State University of New York, Buffalo*
- C Romania: Washington State University
- C Slovakia: University of Pittsburgh*

1.5 Limitations of the Report

The evaluators* assignment began July 14, 1995, about one year after the previous M&E contract ended, and USAID issued the RFA for the projects now being assessed. Many of these projects had been running for more than one year, as continuations of a previous contract. However, some had not yet received signed contracts. The data requirements being requested of grantees by the M&E team are just now being finalized. As a result, there are limitations present in this report:

- C No complete financial reporting was available to the evaluators at this time other than some indication of expenditures by some grantees.
- C The evaluation team decided, in view of time limitations, to visit only selected programs. For example, the University of Maryland and Texas A & M International University joined the existing program group. One of them, the University of Maryland, was visited by an evaluation team; the other, Texas A & M International University, was not.
- C This report does not include consistent program activity data regarding numbers of participants during the first half of 1995 because no M&E team was under contract at that time.
- C Indicators are just now being finalized and were not used in the assessments that are part of this report.

Nevertheless, we believe that a strong basis has been established for future reports which will provide more definitive information on the impact and sustainability of the MTEEP efforts in achieving the overall program objectives.

Chapter 2 Program Summary

2.0 Regional Context

With the collapse of communist regimes at the end of the 1980s, every Central European country had to face a choice of which strategy for economic transition to a market economy to implement -- “shock therapy” or a more moderate and incremental process. Whatever the choice, each blueprint involved a trade-off between achieving a faster growing economy or maintaining lower levels of social discontent (unemployment and job security, social and medical benefits, etc.).

Various analyses of economic trends under socialism unequivocally point to the fact that had the system continued, the result would have been an even less effective industry, falling capital-output ratios leading to stagnation, and ultimately an overall decline in the living standards of the population. However, this lesson is often forgotten as the social costs of transformation begin to be felt by increasingly wider percentages of the population. As a result, the pressures on governments to slow down the reforms continue to increase (particularly on the eve of presidential or parliamentary elections).

No country in the region is immune to these pressures. No matter how successfully it performs economically, and until reform processes become more consolidated and stabilized, the danger of reversal remains real.

Therefore, when looking at various indicators such as Gross Domestic Product (GDP), inflation and unemployment rates, or foreign direct investment, it is wise to keep in mind that no one indicator by itself accurately reflects the situation in a given country. A more useful approach is to look at indicators as representing trade-offs between the different priorities of the particular economic reform strategy. For example, a low unemployment rate does not necessarily indicate an efficiently functioning economy. It could reflect low levels of privatization, particularly of the large, state owned enterprises. Conversely, higher unemployment levels do not necessarily reflect a less efficient economy because official statistics still do not fully capture the dynamics of growth of the private sector which continues to absorb increasingly larger shares of labor.

The chart below provides a snapshot of the trends in the region. These are provided as a backdrop to the efforts being made by the MTEE program.

	Albania		Bulgaria		Czech		Hungary		Latvia	
	1993	1995	1993	1995	1993	1995	1993	1995	1993	1995
GDP % change	11	6	-2.4	2.8	-0.9	4	-0.8	1.5	-12	1
Inflation (%)	85	12	73	68	21	9.5	22.5	29	109	25
Industrial Product. (%)	-10	-8	-11	3.5	-5	7	4	4	-38	-1
Unempl. (%)	29	18	16	11.5	3.5	3	13	10.5	5	9

	Albania		Bulgaria		Czech		Hungary		Latvia	
	1993	1995	1993	1995	1993	1995	1993	1995	1993	1995
Annual FDI (\$M)	58	65	55	500	550	2,300	2,339	1,400	39	500

	Lithuania		Poland		Romania		Slovakia	
	1993	1995	1993	1995	1993	1995	1993	1995
GDP % change	-16.5	3	4	6.5	1	4	-4	6
Inflation (%)	409	40	35	25	256	35	23	11
Industrial Product. (%)	12	2	7	10	1	5	-11	7
Unempl. (%)	2.5	7	16	14.5	10	9	14	13.5
Annual FDI (\$M)	61	50	1592	1700	n/a	700	144	109

Source: Business Central Europe, Annual. December, 1995. 1995 figures are projections.

2.1 Program Impact

The grantees are involved in a variety of service delivery models including academic programs (Ph.D. and MBA), certification programs, short workshops, faculty development in the United States and in-country, small business development advising (counseling) and local resource development (building and stocking libraries and computer centers, for example).

For this first report, the information on program impacts is of two types:

- a. Quantitative - the numbers of participants in various programs, and
- b. Anecdotal - examples given on a case-by-case basis of the impact of certain programs on individuals involved or on the businesses they run and organizations for which they work.

Over 15,000 participants have received training and technical assistance from these programs since the MTEE program started in 1990. The data presented in this report, which includes a preliminary picture of the number of participants in each grantees' activities, generally for 1995, indicates that:

- C approximately 100 students are enrolled in Ph.D. economics programs;
- C over 200 students are enrolled in MBA programs, with four additional MBA programs scheduled to start in 1996;
- C approximately 40 CEE faculty members received training in the U.S. and Canada;
- C over 4,500 people participated in seminars and workshops;
- C almost 1,400 people participated in certificate programs;
- C more than 2,000 small business entrepreneurs received counseling; and
- C approximately 30% of the participants were women.

Near term impact has been demonstrated in numerous ways: the redundant public sector employee who starts up a business after attending a MTEEP-sponsored entrepreneurship conference; or start up businesses receiving critical financing based on business plans developed with the assistance of MTEEP-trained counselors. Long term impact is coming from the graduates of MBA and Ph.D. programs who are becoming key government and private sector policy makers and senior managers or certified Master Business Counselors who are now training others providing business support services to newly emerging small businesses.

2.2 Programmatic Issues

While the universities are engaged in a variety of activities, it is possible to cluster their programs into structurally similar groups: academic programs, counseling programs, short cycle training programs, certificate programs, and other forms of support (institution building such as library resource development). The following discussion focuses on issues or problems common to particular types of programs.

2.2.1 Academic Programs

C Who awards the degree, the U.S. institution or the local institution? Currently, the University of Pittsburgh program awards degrees (Czech Republic); the University of Maryland (Poland) and University of Minnesota (Poland) award certificates from their and the local institution; and the proposed Pittsburgh plan in Slovakia would award a degree from UPitt. There are several conflicts present in this issue. First, the goal of sustainability assumes that the authority over the criteria for the degree, and hence the degree granting responsibility, will ultimately transfer to the local institution. This assumes that a “degree” is being awarded. In the case of Poland, the MBA is not recognized by the Ministry of Education, therefore the local universities can award only certificates, not diplomas. Legislative change is needed before the Polish Universities can award MBA degrees.

Some of these programs attract students because of their linkage to U.S. programs. In fact, the first question students in the Weekend (or other part-time) MBA (WEMBA) and MBA programs in Poland asked the evaluation team was, “What do we have to do to get a U.S. diploma?” The evaluation team’s understanding of the purpose of the project is to create indigenous institutions, not replicas of U.S. programs. However programs have to balance that need with current student demand. As all of these programs are in competition with MBAs from other countries, the issue of who grants the degree is not as trivial as it may first seem.

C Where does the MBA fit into the European model of higher education? Having no BA degree, European universities require that students attend 6 years of post-high school education to receive a Magister degree. Some see this as the equivalent to a U.S. Master of Arts/Science. Others say that because the Magister degree does not include any of what are known in the U.S. as general education courses, it is not quite the equivalent of a BA/MA combination. The MBA does not fit neatly into the existing educational structure. Therefore, much cultural and academic translation accompanies the introduction of the MBA program

into a Central European university.

- C **Which should be offered initially: a part-time executive or weekend MBA or day MBA?** Some programs elect to start with a part-time WEMBA because it permits a faster start up. As it is traditionally taught in modules, with courses staggered in start and stop times throughout the term, faculty preparation may be staggered as well. To start up a full time MBA, one must have all of the first term's courses ready to begin on the first day, or within the first week at the latest. Students tend to be young, recent graduates who are continuing their education on a full-time basis. On the other hand, the WEMBA program draws the professional or aspiring business person; and in the case of executive management programs, it draws the upper level manager because of its flexible schedule. While several programs launched WEMBA's first because they require less start-up time, one program opted to begin with its full time MBA as a pilot program for the WEMBA because the WEMBA was going to attract the paying, influential clientele. They decided to "work the bugs out" using the day time program.

2.2.2 Certificate Programs

- C **What is the value of certification?** The idea of certification requires discussion and solutions. In other parts of the world (NAFTA agreement: United States, Canada and Mexico) this issue is resolved in such a way that there is transnational certification, or mutual recognition of some certification processes, in place.

The SUNY program, in introducing Total Quality Management (TQM) short-cycle courses, should require certification by the host country, not just SUNY. In fact, it is conceivable that standardized TQM training could be developed so that certification in TQM would mean the same thing in each of these countries. In Romania, WSU has developed a certification program for business center counselors at two levels: professional business counselors (PBC), who work directly with individual business clients, and master business counselors (MBC), who are considered qualified to also serve in a train-the-trainer role in expanding the base of PBCs. Certification should at least have local recognition such as that of Indiana's proposed program with MATAV.

The tradition in Central European countries is such that documentation of achievement is critical to professional advancement. USAID could assist these projects in encouraging the host countries to develop a transnational system of certification for both the short and long range MTEE programs.

2.2.3 Short Workshops

- C **Establish a trend towards certification?** The programs realizing the most success are those short workshops that are linked with other short workshops by theme, often culminating in some form of certification. This programming offers the MTEE projects flexible vehicles for training in that they can be tailored to very specific group needs and also be easily modified to meet changing requirements.

2.2.4 Business Counseling Centers

- C **What is the future of the counseling-type program?** In Romania and Bulgaria, growing emphasis is placed on one-to-one counseling for employment and business development. In Romania, there are a number of organizations offering these services in addition to WSU-supported centers. One-to-one counseling offers the participant and their business immediate and personalized access to expertise. On the other hand, one-to-one contact is a very expensive form of training/technical assistance. There is a need to understand the benefits of this type of MTEE program versus other business-oriented support such as group oriented training programs as well as academic programs.

2.3 Cross-Cutting Issues

- C **What are the implications of affiliating with a particular type of institution?** As will be discussed in the context of the development of CERGE-EI (University of Pittsburgh, Czech Republic), economics faculty are probably the hardest group to work with on this type of retraining effort because of their prior training. Logically then, some of the most challenging universities to work with will be the Economics Universities, which in some areas are the prominent, prestigious institutions.

In other cases, U.S. universities are working with Polytechnic Universities where, in the past, management has been thought of in engineering terms -- industrial engineering, production management. In these cases, the challenge is to help professors as well as students understand and see the value of broad-based management education as a means of improving business (including industrial) operations.

In assessing the progress of different programs, one must acknowledge the tremendous barriers facing the project teams with their local university counterparts. There may be actual "scuttling" efforts because the program threatens past training and is a reminder that one is obsolete. This may be in addition to the traditional academic culture flaws of resistance to change, territoriality, politics and competition from outside consulting opportunities.

- C **Once trainers are trained, how can their local 'Centers of Excellence' retain them?** Central European faculty are not paid well, and many need to take on additional jobs to meet their financial obligations. Retraining offers them highly demanded skills, so after training many of them either leave the institution/training program for the private sector, or dramatically reduce their time teaching so that they can supplement their income through consulting. Until the rewards for teaching improve, the project will not receive the full attention of the faculty, and will constantly have to replace those who leave. Interestingly, the business counseling centers may provide a model for channeling the trained faculty member into a lucrative role that maintains links to the university and benefits the MTEE effort.
- C **What are the factors affecting the participation rates of women in these programs?**

Participation of women in the various training programs is directly linked to their overall position in the society and the particular culture which circumscribes acceptable roles and responsibilities and, therefore, opportunities. Although the communist ideology has granted women their equal rights and freedoms, practice has often been far removed from theory. While there have been women active in high executive positions and certainly in positions of responsibility in the academia, the overall practice placed them, for the most part, in support positions as opposed to executive ones. In addition, the years of transition to the market economy posed many financial problems for families in general and for women in particular. On the one hand, they have become indispensable in helping families survive financially. On the other, they found themselves in competition with men, often younger men, for the same positions. In such instances, because of perceived family responsibilities [women will get married and leave the work force, they have to care for children and will be absent from work more often] men have been given preference. As a result, many younger women graduating from three- or five-year universities and technical schools have not been very optimistic about finding satisfactory work. Increasing numbers are looking for opportunities with small- and medium-size businesses, hoping eventually to establish something themselves. Preliminary interviews indicate that one is more likely to find women in small- and medium-size business in general, than in executive positions.

Attracting women into management training programs is a complicated task and may not always fall within the scope of responsibilities of a given grant. For example, if a seminar is prepared and tailored to the needs of a specific company, the control over who gets sent to these programs is not with the grantee. This is not to say, however, that this issue should be put aside. On the contrary, it requires a more careful evaluation and search for ways in which more women could be enabled to participate in such programs. One of the professors who is affiliated with the PAM Center [Zdzisława Janowska] is also a Senator and a President of the International Women's Foundation. The evaluation team plans to further discuss the issue of women's participation with Prof. Janowska and others in hope of developing recommendations.

- C **To whom do the grantees answer, and what impact does this have on project implementation?** This is becoming the pivotal issue of the MTEE program. The USAID re-engineering effort is having positive and negative results. In the MTEEP area, the USAID transition between centralized and localized control of the projects is stressing the grantees' ability to perform. For example, in Bulgaria, the confusion regarding who has the authority to change the scope of the grantees' projects and whose criteria determines the success of the program is causing confusion for project implementers. USAID leadership must delineate authority with responsibility in such a way that grantees know to whom to answer. The evaluation team would be pleased to assist USAID in sorting through this issue, upon request.
- C **To what extent can the experiences of one project be successfully transferred to another?** There are numerous ways in which the projects can and have helped each other, given the opportunity. From providing a model for a workshop (which the team has not seen happen yet), to sharing the structure of the entire grant (which the team has seen between the

University of Pittsburgh and the University of Maryland), the projects are a wealth of low cost, untapped resources for one another, and, more creatively, for future projects in other countries. For example, a number of the more “mature” programs have independently worked through the issue of how one trains local and visiting faculty. Interestingly enough they have all created essentially the same process. This process should be “institutionalized.” It should be documented in such a way that new USAID projects embarking on similar missions can build from this knowledge.

Similarly, the more “mature” projects have completed program cycles -- seen, for example, training programs through to “graduation” or “certification” several times over and have worked out earlier flaws. These programs, with appropriate adjustments for local conditions, are ready to be introduced to other countries, either within the same region or in the New Independent States. These programs could often be introduced at a significantly lower cost than that of a neophyte grantee in these regions. Hopefully, USAID will recognize this resource and make use of it.

2.4 Overall Program Recommendations

William Pendergast, former Dean of CMC (University of Pittsburgh, Czech Republic), writes in his analysis of Boston University’s overseas degree programs,² that successful programs are characterized by the following:

- C U.S. institutions being candid with, and not overselling to, their partner institutions about the potential benefits of cooperation;
- C Strong support for the program from the U.S. university’s central administration;
- C Cultivation of a market niche for the program in the host country;
- C Presence of a strong, analogous program in the U.S. institution that is closely linked to the partner program;
- C Dependable delivery of a consistent program, balanced with respect for local skills and unique capabilities and needs;
- C Open communication between the “distant” and local managers; and
- C A respect for and a tailoring of the program to local/regional needs.

The evaluation team concurs with this assessment, and believes it also applies to non-academic and non-degree activities that some MTEEP activities have. All programs are urged to consider these criteria. In addition, the team makes the following recommendations:

1. **Impact Measures.** The evaluation team heard numerous requests for indicators which measure the impacts the program is having on business development. Often suggested was “increase in sales” or even more broadly, changes in employment rates for that region. The evaluation team will not make causal inferences between project activity and these larger measures of economic growth as numerous other factors beyond the scope of this project will influence these indicators. For example, the publication *Business Central Europe* discourages readers from drawing generalizations from basic statistics: “they only tell half the story...low

² Pendergast, W. (1991). Management issues in international degree programs abroad. *International Education Forum*, 11 (2), 55 - 68.

jobless rates are more a reflection of unstructured industries, differing ways of measuring, or reluctance to compensate the unemployed.”³ With this understanding, the team recommends looking at impact in terms of individuals and organizations/firms participating in the MTEEP-funded activities.

2. **On-Site Director.** The evaluation team has made this recommendation before, and it reaffirms it here: it is critical to the success of these programs that each has a high quality, full time, on site director. This person should be someone who can attend to program management and representational roles including: implementation details, follow through on project goals, and facilitating the flow of information between project staff, participants, USAID and the evaluation team. The team has found that projects which do not have someone in this position suffer from miscommunication and a lack of “institutional memory.” The team suggests that projects provide “orientation” meetings for on-site U.S. directors and other U.S. staff before entering service because these people need this background to be truly successful abroad.
3. **Know the Competition.** Projects and members of the evaluation team need to analyze the competition. Each program has a competitor, and meeting with them, studying their process, learning about their strengths and weaknesses, understanding their services in relationship to the project’s would help everyone improve their own activities.
4. **Understand Why Women’s Attendance Rates Are What They Are.** More attention needs to be paid to the participation rates of women. The evaluation team encountered resistance to requests for information on participation rates and suggestions for improving those rates. One USAID staff member suggested that this was a U.S. issue being imposed on a culture in which gender discrimination was not an issue. First, regardless of the social implications, this is a request related to an agency-wide goal that USAID/W has established. Second, the evaluation team suggests that just because someone is not complaining, that does not necessarily mean there is no problem. Data is needed to either confirm or refute these assumptions. The evaluation team therefore recommends that projects explore why their female participation rates are low or high, and where appropriate, look for creative ways to bring interested women into the program.
5. **Understand Why Some Sites Are More Successful Than Others in the Same Project.** More attention should be paid by the evaluation team and the grantees, themselves, to understanding why within any project with multiple sites some sites succeed and others do not.
6. **Pilot the PTMS Process.** USAID/W should initiate a pilot project to develop and test the PTMS system for gathering in-country training statistics and linking them to in-country performance analyses using one or two interested grantees, the M&E team, and others working to improve the PTMS system. It is important that this project be represented in the agency’s data collection systems, yet it could be a waste of everyone’s time to launch a new

³ Business Central Europe (1995). *The Annual*. London: The Economic Newspaper Limited, p. 6.

data gathering effort without testing it first to work out the flaws.

7. **The Program Needs Leadership.** Even with staffing changes and government shut downs, the project is successful, as this and previous evaluations have shown. However, there is a tremendous lack of information between USAID offices as well as with others outside the program. It needs a “champion” in Washington who can assure that the impact of this effort is well understood within the Agency, as well as outside. This could be a role for the evaluation team or someone in USAID/W, but it must happen soon.
8. **Focus on Attracting Government Participation.** Projects need to make a much more concerted effort to draw government members into the programs. With the recent shifts of country governments back to “reformed” or “social” democrats, one cannot forget that many of these were once active members of the Communist party. To insure that the progress made to date is not sabotaged, it is imperative that those in government with the authority or resources to continue the progress have access to these training programs. High level governmental support on both sides will be needed for these projects to achieve the degree of impact of which the M&E team believes them to be capable.
9. **The M&E Team Should Become a Clearinghouse for “Good Ideas.”** As part of the re-engineering effort, USAID should formalize the M&E team role to include serving as a clearinghouse for training strategies for the MTEE project. In an informal way, the M&E team has served as a clearinghouse for training strategies for the MTEE project. USAID might consider expanding that role to include all training and allow Datex to develop a computer- and personnel-based data bank of training implementation lessons that can be accessed by other training programs.
10. **Work Towards Improving the Usefulness to Both Parties of the Communication Between the USAID Mission Offices and the M&E Team.** The M&E team had inconsistent experiences with the usefulness of the USAID mission offices in their evaluation effort. Some offices knew nothing of the MTEE projects operating in their countries. Others knew quite a bit but shared little. Still others were extremely helpful. The M&E team would like to be seen as a resource to the local USAID offices. Several of the recommendations above were made with this view.
11. **Establish the Concept of “Probation” Periods for Performance.** Although it may not be possible for this grant cycle, the M&E team recommends that USAID consider introducing the concept of probation into future grant agreements. The terms would need to be project-specific, but generally, projects which fail to produce within one year could be put on probationary status (with the appropriate consultative support). During this time they would have to achieve certain benchmarks. Failure to reach those benchmarks would be cause for terminating the grant. The team suggests this not to imply that some grantees are not living up to their agreements, but rather to provoke a process by which USAID can re-strategize its approach in regions where nothing substantial appears to happen, either because of country-imposed obstacles or perhaps for lack of performance on the part of a grantee.

The M&E team would be pleased to discuss any of these program-wide or project-specific recommendations.

Chapter 3 Albania

3.0 Country Background Information

Albania is not only the poorest and the most underdeveloped country in Europe, but also is one which embarked on the transition to a democratic society and a market economy with a historical legacy of lengthy periods of foreign occupation and lack of democratic tradition. Albania was the last Balkan country to gain its independence from the Turkish empire (1912), but at the end of World War I, there were new attempts by Serbia, Greece and Italy to partition it again. This political climate of extreme hostility on the part of Albania's neighbors made the first priority of the new government to assure the nation's sovereignty and recover lost territories. The semi-feudal Albanian clan society was much more receptive to authoritarian tendencies than to western ideas of a participatory democratic society. As an agrarian society, Albania was also the least suited out of the East European countries for introduction of communist rule. The Albanian Communist Party (ACP) although established only in 1941, was able to overpower its opponents and at the end of W.W. II, establish a single-party state based on the Soviet model. Albania's communist rule was one of the most oppressive regimes in the world and the longest in the East European context. The country was ruthlessly ruled by Enver Hoxha from its founding until his death in 1985. His successor, Ramiz Alia, pursued slightly less repressive policies but refused to address issues of political pluralism and participation until student demonstrations in December, 1990.

The Communist Party was swept out of office in elections of March, 1992, which ushered in a new president, Sali Berisha, a candidate of a Democratic Party. The new government inherited a country which is the most underdeveloped in Europe and totally dependent on foreign aid to feed its population. These specific conditions have made the transition to democracy and a market economy the most difficult in the region. The new government made decisive steps to implement a comprehensive package of reforms adopting the "shock therapy approach." The first priority was given to halting further economic deterioration and to starting a transition to a market economy. The introduced structural adjustment program included liberalization of the price and exchange system, and the introduction of fiscal discipline and monetary constraint. Given this starting point for Albania's transition, the results of the economic reforms have been impressive:

1. The inflation rate, which in 1991 and 1992 reached 250% annually, was reduced to 85% in 1993, 20% in 1994 and as low as 12% in 1995 (as projected).⁴
2. Output, which fell by more than 50% during 1990-1991 (70% drop in industrial production and 30% drop in agricultural output), in 1993 registered a real GDP growth of 11%, the highest growth rate in Europe.⁵
3. The unemployment rate, which hovered at 40% in 1993, leveled off at approximately 20% in 1995 and is expected to decline further.

⁴ "Albania," *Business Central Europe. The Annual*. December 1995.

⁵ *ibid.*; FY 1996 Assistance to Central and Eastern Europe Request.

The main source of economic growth is attributed to the successes of the newly privatized agricultural sector which constitutes over half of Albania's economy. Agricultural production increased by an estimated 13%-14% in both 1992 and 1993. Progress also has been made in introducing macroeconomic reforms, particularly liberalizing prices, introducing a tax regime and establishing a modern banking system. Privatization of agriculture, housing and transportation and retail businesses is almost complete and the best options for privatizing the larger state-owned enterprises are being discussed.

Based on the assessment by the USAID mission as of June 1994, the Government of Albania (GOA) has apparently made significant progress in economic reform. However, private sector development is said to be hindered by GOA postponement of deadlines for restitution claims, high fiscal imbalances, high inflation, and the slow pace of both financial sector reform and large-scale privatization. In addition, commercial law statutes are apparently adopted but their implementation is slow. It is in this context that the University of Nebraska-Lincoln project is trying to take root.

3.1 USAID Office

The USAID mission in Albania has four major program areas:

1. Promoting agricultural development.
2. Developing a market-oriented economy.
3. Fostering democratic institutions.
4. Improving the quality of life.

The University of Nebraska-Lincoln (UNL) project is part of the USAID mission strategy of developing a market-oriented economy in Albania. Other U.S. organizations in this portfolio of activities include the Commercial Law Development Program (CLDP) of the U.S. Department of Commerce, the Organization for Rehabilitation through Training (ORT), privatization experts from the U.S. accounting firm KPMG Peat Marwick and the Deloitte Touche/Development Alternatives, Inc. consortium. As of 1993, the Peace Corps, with SEED funding, initiated a Small Business Development program. An initial staff of 14 volunteers arrived to begin 2-year assignments in seven Regional Business Agencies.

The USAID mission strategy for developing a market economy has two program objectives, both based on the USAID Europe and New Independent States* (ENI) Strategic Framework. Performance indicators in effect to the end of 1995, have also been identified.

1. Program objective 1.1: For Albania, this has been specified as the number of small and medium enterprises privatized increased from 2496 in November, 1994 to 3500 by December, 1995.
2. Program objective 1.3, to stimulate development of private sector enterprises, specifies three Albania-specific outcomes: a) annual exports increased from \$105 million in 1993 to \$150 million by December, 1995; b) 8500 potential entrepreneurs are trained; and c) new MBA program at the University of Tirana sustainable by October, 1995.

3.2 University of Nebraska-Lincoln

University of Nebraska-Lincoln activities were initially funded in fall, 1991, when the institution received \$1 million to implement a one-year Economic and Management Training program in Yugoslavia. Events in Yugoslavia rendered the program inoperable in that country, and 85% of the funding was redirected to Albania and the implementation date extended to December, 1993.

Two major goals were stated:

1. Visible and immediate impact through massive training conferences of all high-ranking government officials, university faculty, and public enterprise managers; and
2. Sustainable and longer-term program impact through curriculum development, teaching materials, advanced training of Albanians at the University of Nebraska, and outreach training/business assistance.

Since that time, two Continuation Proposals have been submitted to USAID/W. The first was approved by the USAID contracting officer in April, 1994. Project activities for this Continuation Program were scheduled to commence in September, 1994, with a termination date of December 31, 1995. The second proposal covers the period from 1996 - 1997 and was submitted by UNL to USAID in June, 1995. USAID made approval of this proposal contingent on approval by UT and the Albanian Ministry of Education for the MBA program. Both of these proposals and their status are reviewed below.

Program type	Dates	# of Participants
Workshops - faculty	February, 1995	195 (112M, 83F)
U.S. based training - faculty	March-April, 1995	12 (6M, 6F)
Workshop - managers	May, 1995	252 (138M, 114F)
Workshop - government	July, 1995	63 (33M, 30F)

3.2.1 The 1994 - 95 Continuation Proposal

The continuation proposal specified activities in three areas.

Curriculum Development. The UNL Project Director agreed to evaluate the undergraduate program in the Faculty of Economics and Business Administration, and develop an MBA Program. The development process was to focus on:

- C the structure (credit hours, candidate selection procedures, application process, etc.) of the MBA program;
- C the identification of appropriate teaching materials (books, journals, videos, software, etc.); and
- C the training of faculty for the MBA program (train core faculty and have them translate teaching materials for core courses), and matters concerning the accreditation and equivalency of the MBA Program (in cooperation with the University of Tirana and the Albanian Ministry of Education).

Business Assistance Centers. In the development of Business Assistance Centers, the Continuation

Proposal placed emphasis on:

- C information systems management training;
- C national and international connectivity;
- C entrepreneurial and management outreach programs (management training, business plan development, entrepreneurship assessment); and
- C a resource library for business linkages.

The conceptual models for the BACs was the Nebraska Business Development and the Nebraska Productivity and Entrepreneurship Center, both of which provide repositories of reference material and support bases for management and entrepreneurship outreach programs.

Through the outreach programs, the BACs were expected to help entrepreneurs, private business owners, and public enterprise managers put modern management techniques into daily practice. The BACs were expected to meet outreach objectives by serving as a management/entrepreneur consulting center, an information research clearinghouse, and a research library. In terms of specific activities, the BACs were expected to provide assistance and advice with respect to business assessments, business planning and capital acquisition.

The BACs were also expected to house computer-based Management Information Training Systems (MITS), so that faculty and students could use computer-based applications. The systems were to be installed by Albanian faculty who had received one semester of training with the systems at UNL.

Program Management, Monitoring, and Evaluation. For project management purposes, the UNL Project Director agreed to place a full-time coordinator in Albania for one year, to act as liaison between UNL and USAID representatives.

3.2.2 Current Status of Work

Curriculum Development

- a. *MBA Program.* As of the time of the monitoring site visit, the MBA program did not yet exist. The evaluation team probed into the history of the project to understand why this program had not materialized.

The Project Director report, dated November 1995, states that during the Fall 1994, the UNL project team developed a proposal for an Albanian MBA program. During the period January-March 1995, the MBA Program Committee, which included the UNL on-site Coordinator, established the structure for the MBA program and finalized implementation plans. UNL's understanding of the structure that was agreed upon is reflected in a memo from the Project Director, Dr. Lee, to the head of the Faculty of Economics. In summary, the program was to:

- C be taught by U.S. faculty during the first two years of the program;
- C be approved by the Albanian government;
- C be conducted on a part-time, accelerated basis for the first two years;
- C involve the training of 12 Albanian faculty in the U.S., who would be expected to

- teach in the program after that training;
- C involve collaboration of Albanian and U.S. faculty who teach the same courses;
- C become full time at the end of the first two years.

Disagreements have arisen regarding almost each of these points in the time since that Committee met and Dr. Lee issued his memo. Specifically, a new Dean of the Faculty of Economics at the University of Tirana, Dr. Ariana Nati, who is also the Albanian Minister of Finance, was appointed by Rector Nestor Thereska shortly after the UNL project team visited UT in May, 1995, to confirm implementation plans. In addition to replacing all department chairs on the Faculty and terminating twelve faculty members, Dean Nati has a different vision for the MBA program including: a) it be taught exclusively by U.S. faculty because of her lack of confidence in the Albanian faculty's ability to teach in the program; and b) that it be full time from the start. She is very supportive of the program and believes that such a program could be implemented by March, 1996.

The USAID/Albania Project Development Officer stated that in that form, the MBA program would exceed the funding that USAID was able to provide (and, the evaluation team notes, would not conform to the intent of the MTEE program of creating indigenous institutions) and would not agree to go forward with the project. Specifically, if the program were to be conducted in the traditional U.S. manner of two semesters per year, then four courses must be taught each semester to meet the academic standard of 16 courses for the program. Continuation funding became contingent on securing an understanding between UT and UNL that the program would assume the structure outlined by Dr. Lee.

While these negotiations appeared for a while to be at an impasse, other progress was made. On November 9, 1995, the Commission for Scientific Training of the Albanian Council of Ministers notified USAID and the University of Nebraska that the two-year MBA program was authorized.

As this report was being written, the M&E team received word from the Project Director that an agreement had been reached with Dean Nati and that an updated proposal was being hand delivered by the in-country UNL Coordinator, Dr. Diane Hambley, to USAID/Albania. In addition, he noted that bridge funding has been approved by USAID effective to March 31, 1996. Further discussions have indicated that the project will remain at current funding through May, 1996 while the approval process for the new grant is completed. The Project Director stated that the intent of all parties is to start classes for the MBA program in March, 1996, which apparently has happened.

- b. *Advanced Training for Albanians.* With the negotiations for the MBA program stopping and starting, this activity was used as a means to continue providing technical assistance to staff at all four universities and to prepare potential managers for the Business Assistance Centers.

UNL reports indicate that the following training was completed during the continuation year. In October-November 1994, six Albanian faculty completed advanced month-long training and internships at UNL. Two participants were interviewed during the site visit, one a female

in Accounting and the other a male in Marketing. They participated in the October/November 1994 visit. Both of these professors also served on the MBA program planning committee, and felt that the UNL visit helped them develop a better program for their Faculty. They also gained in learning and seeing more about the "reality" of business.

In February, 1995, the UNL project team conducted special training programs in Albania to (1) instruct on teaching methods for the MBA program at the University of Tirana, (2) assist the faculty of the new University of Vlora with curriculum development, and (3) to train the faculty of the University of Shkoder on curriculum development and teaching methods.

During the period March-April 1995, twelve Albanian faculty completed a month-long program at UNL, studying modern management subjects, gaining training on the MITS programs, learning survey research techniques, and participating in internship programs. The evaluation team interviewed two (Computer Science and Accounting) who participated in the March/April 1995 trip. They reported that information on teaching methods and the roles of their specialties in the business world has proven helpful.

In May 1995, the UNL project team, in cooperation with the Albanian Management and Public Administration Institute, conducted advanced training programs for business personnel, public enterprise managers, and academics in Tirana and Korca. During this same time period, UNL collaborated with the University of Tirana on instructional materials and teaching methods for the MBA program. In July 1995, UNL provided in-country training for a variety of government and university staff and officials.

Several issues emerged during discussions of this training with project staff. These will be raised in the findings and recommendations sections of this report.

- c. *Texts and Reference Materials.* Information provided by the Project Director indicates that an initial shipment of 3,000 donated books was completed in May, 1992, followed by a shipment of 50,000 additional books in August 1992. In May, 1995, an additional 80,000 books were shipped to the universities in Shkoder, Korca and Vlora. All of the books were in the fields of business and economics.

The libraries at the University of Tirana and University of Shkoder were visited. The books in Tirana are being managed by a librarian; while those at Shkoder were sorted but on the floor as there was no shelving. In both libraries, many titles have multiple copies, which makes it possible for a relatively large number of students to borrow class texts from the library for the duration of a course.

Business Assistance Centers. As of the date of the evaluation team visit, two BACs were open, those in Tirana and Shkoder. Originally, the Albanian staff proposed for the Directorships of these Centers were sent to the U.S. for training. Some staff were then let go, so few of the originally trained Albanian staff remain with the Centers. Instead, the Shkoder Center is staffed by a Peace Corps volunteer, Mr. Paul McCarthy, and several local specialists. Mr. McCarthy's tenure is scheduled to end on June 1, 1996. The Shkoder BAC has the cooperation of the regional economic

development officials, in addition to the local Peace Corps representatives, and faculty from Southern Illinois University who are managing a USIA project at the university. It is difficult to separate the UNL activities from the activities/inputs of the Peace Corps and Southern Illinois University. The UNL contribution consists of providing the computers for the Center, U.S. based training for faculty specialists and books. However, the presence of additional U.S. nationals on-site provide a critical mass of funded personnel which may increase program success at the Shkoder BAC during the next few years.

The Center in Tirana houses several computers, a small library of books and periodicals, a laser printer and a scanner. Dr. Hambley is the Director of this Center and she is assisted by an Albanian. At the time of the site visit, it was not clear that the Tirana BAC was operating as outlined in the UNL proposal. Dr. Hambley did not appear to be in a position to coordinate BAC activities at other sites, as envisioned as part of her responsibilities (the evaluation team did not see either a phone or a fax at this site, making even communication with the other sites difficult).

Information on the current status of the two BACs in Korca and Vlora was not available.

Program Management. Dr. Diane Hambley assumed her duties as on-site Coordinator in October, 1994. She was assigned responsibility for managing all project activities and for monitoring the implementation of the MBA program. In addition, she serves in a liaison role with USAID/Albania.

3.2.3 The 1996 - 1997 Continuation Proposal

The Project Director mailed the UNL 1996-1997 Continuation Proposal to USAID/Albania on June 23, 1995. This proposal identifies three program goals:

1. Reinforce Albania's business infrastructure through a fully implemented MBA program (preparation of 12 Albanian faculty in the U.S., and team-teaching assignments of four UNL faculty in Albania), and modernized Albanian business instruction tools (text acquisition and translation, procurement of equipment).
2. Bolster BAC training, planning and development services through outreach training and presentations for businesses and government, and through upgrading the MITS by assessing and improving library resources.
3. Establish a network of special business training expertise by creating training teams to conduct four one-week programs, through team-teaching arrangements with UNL and UT faculty, and business English and Internet groups headed by a UNL faculty Coordinator.

As of the date of this report, this proposal, as it may have been modified in January 1996, is in the final review/approval process at USAID.

3.3 Findings

These are based primarily on findings as of the date of the site visit in early December, 1995. There have been changes, which are noted briefly, regarding the continuation of the program which were transmitted to the evaluation team in early January.

- C The MBA program implementation will have been delayed by one semester, if the now scheduled start date of March 1996 continues as planned.
- C The program suffers from on-site management with insufficient authority or home office support. The role of the on-site Coordinator is currently ambiguous. The difficulties for the on-site Coordinator are compounded by the lack of telephone/fax communications in her office, lack of transportation to visit sites in Shkoder, Vlora, and Korca, and lack of the necessary authority to deal effectively with the Deans and Rectors at the Universities, and with government officials who can influence policies important to the project. During the early phases of the program (1992-1993), program reliance on periodic seminars to large audiences permitted the program to be managed from the University of Nebraska. The 1994-95 phases of the program, which sought to create sustainable structures (academic programs and business assistance centers) needed to be spear-headed by someone on-site who commanded the attention of the Rector and the Dean. For whatever reason, this did not appear to be happening -- few negotiations occurred unless the off-site Project Director was present, which did not seem to be frequent enough to move the program along at a satisfactory pace.
- C A question that arises from the site visit to the Shkoder BAC is just what role UNL currently plays in the management training BAC activities in Shkoder. The Peace Corps volunteers and Southern Illinois University personnel seem to be making an operational/managerial contribution to efforts at that site. UNL's contribution appears to be in providing physical resources. Given the difficulty Dr. Hambley has in visiting Shkoder, it is difficult to determine how she and UNL have contributed to the management effort in the past, and will contribute in the future. Since it is at least as difficult to travel to Korca, one has to wonder how the stated UNL missions with those sites will be achieved.
- C The proposed activities of the Tirana BAC appear to be substantially more comprehensive than the activities observed at the center. However, the center was well set up, with computer equipment arriving in the summer. The equipment was being used, but had not yet been connected on a network. It is troubling to note that even the 1996-97 proposal refers to "activating" the four centers -- an activity that should have taken place at least a year ago.
- C Faculty have been trained during this phase of the grant, but the question remains to what purpose? Some told the M&E team that they found the U.S. visits helpful in their private sector work (their own consulting businesses); others, one hopes, are applying this information directly into their undergraduate courses. There was no direct evidence of this type of application offered. None, however, will be teaching in the MBA program, according to Dean Nati. A question for the grant staff, USAID/W and USAID/A to consider is whether this indirect impact on the undergraduate program sufficient justification for continued U.S.-based training?
- C Conversations between the M&E team and the UNL Project Director in January 1996 indicate that the current on-site Coordinator is to be retained for on-going activities. Bridge funding (January through March, 1996) has reportedly just been granted to UNL. A revised,

two year (January, 1996 - December, 1997) proposal is being reviewed by the USAID project officer in Albania before submittal to USAID/W for approval and funding.

3.4 Recommendations

1. With the finalization of a two year proposal, UNL, USAID, and University of Tirana must make a determination about the continuation of the UNL project in Tirana. The agreement between parties, including responsibilities and objectives, should be documented.
2. A UNL-employed manager with knowledge and authority must be in Albania to direct the process. In the development of the MBA program at the University of Tirana, the on-site manager must have the authority, confidence, and prestige to work with Albanian faculty and administrators who may not always concur with the structural arrangements reflected in the USAID funding program. This can be accomplished through Dr. Hambley if:
 - C the Project Director will strengthen the position of the on-site Coordinator, and make budget adjustments necessary to support the Coordinator with communications and transportation;
 - C the Project Director clearly delegates authority for program and budget implementation and informs Albanian counterparts that the on-site Coordinator has the authority to act for the program in Albania;
 - C the on-site Coordinator receives sufficient orientation and support (financial, staffing, etc.) from UNL to help her succeed in managing this program; and
 - C the responsibilities and expectations for the position of on-site Coordinator are enumerated and deemed to be manageable within the resources available to one person.
3. The Business Assistance Centers must be staffed and equipped adequately, clientele must be identified, assisted, and tracked for results, and the BACs must become integral parts of the universities at which they operate.
4. Specific implementation plans should be documented for the Business Assistance Centers, and the extent of the UNL role in the BACs should be clarified. Any cooperative activities of BACs with other organizations (e.g. Peace Corps; other U.S. universities) should be clarified, with the activities of UNL clearly delineated.
5. Future training trips for Albanian faculty need to be carefully targeted such that they provide specialization, in that overview trips now are easily available to most faculty members, and are provided to faculty who will maximize the application of the information in their classes.
6. Another graduate degree, an M.S. in Finance/Banking, in the Finance/Accounting department, is under consideration in cooperation with an Italian university. The relationship of this program to the proposed MBA should be explored so that the programs coordinate and even compliment one another, rather than, potentially, duplicate efforts.
7. The forthcoming site visit should focus on the following:

- C Review the new USAID contract for the UNL project in Albania.
 - C Meet with both the UNL Project Director and On-Site Coordinator in Tirana to clarify the program management situation, and to verify that sufficient resources (transportation and communications) are available for the on-site Coordinator.
 - C Examine closely the planned/actual activities of the BAC at the University of Tirana, as well as the status of the MBA program.
 - C Visit the BACs in Korca and Vlora to assess viability, staffing, resources, and programs.
8. Indicators. The following indicators of performance are suggested for the two primary components of the UNL program, should the program be continued. Any USAID/Albania indicators established for the program will be included or substituted for appropriate categories of indicators.
- a. MBA Program

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Graduation rate
	Enrollments reflect equitable gender distribution	Enrollment data
	Target enrollment numbers are reached for entering class	Enrollment data
	Target enrollment numbers are retained through program ⁶	Enrollment data
Satisfaction	Students positively rate their experience	Student questionnaires and interviews
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants
	Program retains faculty and students in degree programs	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by program staff, to learn why (separate insufficient academic preparation from dissatisfaction)
	Program is responsive to students* and faculty*s needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Student and faculty interviews and questionnaires

⁶ These numbers may represent fewer than 100% of the entering class as any academic program experiences a small amount of attrition. The evaluation team will consult with UNL and UT to establish an acceptable rate of continuation/attrition.

Impact Level	Indicator	Data Source
Utilization	Graduates acquire some benefit from having completed degree program (for example, better paying job)	Tracking and interviewing graduates Questionnaire for graduates
Change	UT is seen and used as a resource by employers	Interviews with local employers alumni network members, and local entrepreneurs

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Permanent, Albanian faculty is well trained and its teaching is well received	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Curriculum is approved by the degree-granting institution	Project materials Interview with Project Director
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), students, permanent and visiting faculty

Sustainability Level		
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/ Albania staff
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Interviews with U.S. and local Project Directors, USAID/Albania staff, permanent and visiting faculty, and students Enrollment data
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Albania staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection and other alternate funding mechanisms are established and operating (where permitted)	Interview with Project Director, local staff
	Increasing percentage and sources of institution/ program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

B. Business Assistance Centers

Impact Level	Indicator	Data Source
Acquisition	Counselors and clients acquire skills, knowledge and confidence in subject matter	Counselor and client interviews and questionnaires Participation rate
	Target participation numbers are reached for clients and counselors and reflect equitable gender distribution	Participation data
Satisfaction	Clients positively rate their experience	Client interviews
	Counselors and staff positively rate their experience	Counselor and staff questionnaires and interviews
	There is a high demand for the program	Numbers of clients wanting services
	Cross-marketing occurs: students in one type of program return for additional information, or refer friends or their employer to the BAC, or enroll in the MBA	Quarterly reports Interviews with alumni association members Interviews with employers of current students
	Program is responsive to clients*/businesses* needs (availability of library resources, workshops of interest, computer resources, etc.)	Client interviews & questionnaires

Impact Level	Indicator	Data Source
Utilization	Clients can demonstrate that they have applied information to their work	Tracking and interviewing past clients Questionnaire for past clients
	BACs seen and used as a resource by employers	Interviews with local employers alumni network members, and local entrepreneurs
Change	# of assisted businesses still at work and/or receiving financing within 6 months	Tracking and interviewing past clients Questionnaire for past clients

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Increase in number of counseling hours and training events	Project materials Interviews with Project Director & trainers/staff
	Demand for counseling and services is high	Project materials Interviews with Project Director & trainers/staff
	Training and/or counseling conducted by qualified Albanian trainers/staff	Project materials Interviews with Project Director & trainers/staff
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), clients, and trainers/staff
Organizational: All necessary procedures and policies are established and effectively implemented	Legal status of centers is established	Program documents Interviews with Project Director,
	Satisfactory administrative support systems exist	Interviews with U.S. and local Project Directors
	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/ Albania staff
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Albania staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection mechanisms and other alternate funding explored and established and operating (where relevant)	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

Chapter 4 Bulgaria

4.0 Country Background Information

The first few years of Bulgaria's move toward democracy and free market economy were both impressive and surprising. The new democratically elected government adopted a new democratic constitution and initiated economic reforms including legalizing most of the international trade, liberalizing exchange and interest rates and eliminating most domestic price controls. Under the pressure of reforms, the new government collapsed and the resulting political impasse made implementation of most of the reform measures very difficult. The new parliamentary elections, held in December, 1994, brought back the socialist administration which was much more cautious about the transition process.

The overall progress in instituting economic restructuring has been slow, particularly in privatization and industrial reform. However, after years of steep decline, Bulgaria's economy is showing signs of recovery -- GDP has been steadily growing (from -2.4% in 1993 to almost 3% in 1995), inflation has been slowly decreasing and even industrial production managed to recover (from -10.9% in 1993 to 3.5% in 1995) but state company losses still account for 20% of GDP. A major privatization drive of state owned companies is planned for early 1996, and if successful should improve the economic climate for foreign investment.⁷ Despite the lack of governmental support for private enterprise, approximately 30% of the workforce is in the private sector, which accounts for almost 40% of the GDP.

4.1 USAID Office

The USAID strategy in Bulgaria for the period 1994-1996 is geared toward achieving three objectives: economic restructuring, building democracy, and social sector restructuring.⁸ The aim of economic restructuring (Strategic Objective 1) is to increase the capabilities of private firms to grow in a competitive environment. In order to achieve this objective, USAID has identified three intermediate results:

1. increasing availability of debt and equity financing for private firms;
2. improving technical assistance, training and services available to private firms; and
3. increasing privatization of firms.⁹

The University of Delaware project fits under the second of these results which has two specific foci:

- a) Consulting firms strengthened, and
- b) Business and professional associations strengthened.

Strategic Objective 2, Building Democracy, concentrates on establishing accountable governance

⁷ Business Central Europe. *The Annual*, 'Bulgaria,' December 1995.

⁸ United States SEED Act Assistance Strategy Update for Bulgaria, American Embassy/Sofia, July 1994.

⁹ Bulgaria. *Strategy Draft*, October 19, 1995

and empowerment of citizens by developing competitive political processes through such activities as supporting independent judiciary, establishing institutions of higher education, supporting non-governmental organizations. Strategic Objective 3, Social Sector Restructuring, aims at strengthening capacity to manage the human dimension of the transition to democracy and market economy by improving the scope of social services such as pension and welfare reforms, and improving vocational training programs.

4.2 University of Delaware

University of Delaware (UDEL) is a continuing grant which was awarded for the period of January 1, 1995 through December 31, 1998. The original grant was awarded in June, 1991, to support privatization of the Bulgarian economy and to provide management training, economic education, and English language instruction.¹⁰ Although the present scope of the proposal is under revision, the activities for 1995 still fall under the originally proposed structure. The proposal states three general objectives:

1. To ensure the sustainability of programs developed and implemented in management and economics training in cooperation with the New Bulgaria University (NBU).
2. To provide post-graduate education and curriculum enhancement in market economics in cooperation with the Institute of Economics (IE).
3. To continue to provide services to Bulgarian citizens through the Business, Economics, and English Language Studies Resource Center (RC) in cooperation with the Sofia Central Library (SCL).

Under the current grant, therefore, UDEL/NBU/IE offer three categories of programs:

- C management training programs;
- C economic education programs; and
- C support programs.

Management training programs are offered through Business Development Center (BDC) and NBU/UDEL. The BDC offers Management Outreach Programs and Peace Corps Counterpart Training Project, and NBU/UDEL offer the Advanced Management Certificate (AMC) program and Small Business Certificate (SBC) program. *The economics education programs* are offered in cooperation with IE [Advanced Economics Program (AEP)] and through BDC outreach programs. The various *support programs* are administered from Sofia Library Resource Center.

¹⁰ English Language Program has developed into an autonomous, fully sustainable training program delivered by Partnership Delaware International. This program is not part of the present UDEL MTEE grant.

Program Type	Dates	# of Participants
Certificate (Management)	Jan - Dec. 1995	7 men/22 women
Certificate (Economics)	Jan - Dec. 1995	10 men/14 women
Outreach seminars	Jan - Dec. 1995	248 men/491 women
Training Abroad (Admin.)	Jan - Dec. 1995	
Visitors to Resource Center	July - Sept. 1995	118 men/188 women

4.2.1 Management Training Programs

Business Development Center. The BDC was formally inaugurated in October, 1995. The mission of the Center is to facilitate development of the private sector by becoming a center for business and economics teaching, and by coordinating Sofia-based and outreach programs in management and economics. The targets of BDC's programs are managers and entrepreneurs in small and medium size enterprises (SME) in specific industry groups, and local government staff in the area of regional economic development. The programs offered through the Center will be tailored to the individual needs of these groups.¹¹

Staff and Resources. The Center has a permanent staff of three: Manager, Training Projects Coordinator and Office Assistant and is additionally supported by the UDEL-Bulgaria staff at the Sofia Central Library Resource Center in terms of logistics, administration and outreach program coordination. The functional areas include state of the art computer lab, an office, a reference library with 200 business reference texts, and a conference room.

Training Programs. BDC will offer three types of training programs:

- C *Certificate in Small and Medium Sized Business:* short-term intensive courses, offered individually and as a certificate-based series;
- C *Management Training and Advisement Outreach Program:* short-term courses, seminars, conferences and workshops for practicing managers and other professionals who need to retrain;
- C *Workshops and seminars* on principles of market economics designed for regional economic development offices and opinion leaders.

Small and Medium Sized Business Certificate Program. The program consists of five program courses meeting three hours, twice a week for three weeks. The cycle will be offered to two parallel groups between October 3, 1995 and January 27, 1996, and will be taught by UDEL-trained local instructors.

Management Training and Advisement Outreach Program. During the second quarter of 1995, four management seminars for the local entrepreneurs and municipal leaders were held in the municipalities of Zlatograd, Kurjali, Veliko Turnovo, and Razgrad, and a seminar on local government re-engineering was presented to municipal staff of several Rhodopi region municipalities. During the third and fourth quarters outreach sessions were held in four locations -

¹¹ See the discussion under 4.3 Findings regarding "restructuring." The resources freed from phasing out the Advanced Economics and Management Programs will be transferred to expand executive training and outreach programs with a goal of increasing their impact and improving focus.

Bourgas, Vidin, Stara Zagora, and Sofia - with private business people, import/export managers, and local economic development executives.

- C *Bourgas* sessions were held on September 29-30 and dealt with development and business expansion opportunities in international trade and management of port facilities.
- C *Vidin* sessions took place on October 3-4, and addressed local economic development and facilitation of international trade for the Vidin Chamber of Industry and Chamber of Commerce, and managers of the Vidin Port and the Duty Free Zone.
- C The session in *Stara Zagora* held on October 6, was devoted to how to establish and run a local economic development office.
- C BDC local government/private business seminar was conducted on October 5, for Ministry of Finance and Ministry of Territorial Development officials in charge of local budgets and finance. The seminar discussed the role of local government in stimulating private business.

Workshops and Seminars have included:

Peace Corps Counterpart Training Project. Seminars on “How to deal with business clients” were presented to Peace Corps Business Volunteers and their counterparts in Arbanasi, Veliko Turnovo and Bankia. Other sessions are planned for winter 1995-96.

BDC Marketing Seminar on “Marketing Your Product” was held on October 17, for private business managers.

Labor Management and Employee Development seminars for the National Tax Administration Service on training center development issues, and two seminars on labor management and personnel training and re-training at two major Bulgarian trade unions are scheduled for December.

NBU/UDEL Advanced Management Certificate Program is modeled on U.S. executive business degree programs. The program consists of sixteen courses, each course meeting for two hours three times a week for five weeks (evenings). Originally, the program was designed for one and one half years but in light of restructuring it has been shortened to run from June 1995 to February 1996.¹² The instruction is held at the Sofia Central Library RC.

4.2.2 Economic Education Programs

The Advanced Economics Program is offered in conjunction with the Institute of Economics, Bulgarian Academy of Sciences. The purpose of the program is to provide intensive instruction in market economics primarily to current and prospective faculty members in institutions of higher education. Students who complete ten courses will receive a certificate of completion and will qualify to apply for a one semester program at UDEL which leads to a MA in Economics. The classes meet at the Sofia Central Library 1.5 hours four times a week for four weeks. This program also has been shortened and scheduled to conclude in February, 1996.

¹² See discussion of “Restructuring” under FINDINGS.

Economics Outreach Program. In the second quarter, two economics seminars on privatization were held for Podkrepa Trade Union leaders, and on October 6, 1995, a seminar on how to establish and run a local economic development office was held in Stara Zagora.

4.2.3 Support Programs

Sofia Central Library Resource Center (RC) is a source of information and teaching materials in the fields of management, economics, and English language training. The facilities of the Center include a media room, reading room, and business periodicals library. All of the facilities are constantly used.

4.3 Findings

C **Restructuring.** The evaluation team met with the USAID/B staff (USAID Representative, Private Sector Officer, Democratic Initiative Officer, Project Specialist, and Project Management Specialist) to discuss the Mission's objectives and how the University of Delaware's (UDEL) programs fit within these objectives. The USAID Representative stressed the importance of the on-going USAID reengineering effort and the central role that UDEL could play in it.

In view of USAID's general approach to re-focus its activities on achieving concrete, measurable and significant results, the Sofia Mission would like to shift the emphasis from the present UDEL academic programs to support the development of private sector management in the country. This change in focus is a response to the recent economic and political changes which, given the paucity of the basic managerial knowledge, make it necessary to emphasize immediate and short-term results of economic education and management in the anticipation of the mass privatization process. From this perspective, long-term and graduate level education can be considered a luxury.¹³

The issue of restructuring UDEL's programs has been discussed at length with the UDEL management, Associate Provost, Dr. Lawrence P. Donnelley, and the Director of USAID Projects, Mr. Stan Shumway. They responded positively to the proposed changes. The Sofia Mission feels that the proposed changes could be accomplished through a grant amendment because the grant contains only a general budget and, therefore, does not see a need for rebidding. Under the new restructured proposal, the Business Development Center would become the main vehicle for coordinating and supporting activities designed to facilitate development of private sector management. Under this arrangement, the Private Sector Officer will be overseeing the UDEL management training and education programs.

In compliance with the USAID strategy for Bulgaria to coordinate and integrate assistance efforts of the various USAID contractors working within the same strategic objective, USAID/B encouraged the creation of a Steering Committee for implementation of the small and medium size enterprise (SME) development strategy. The members of the committee

¹³ Memorandum from USAID/B to USAID/W, November 2, 1995.

include: University of Delaware, Citizens Democracy Corps (CDC), Volunteers in Overseas Cooperative Assistance (VOCA), International Executive Service Corps (IESC), and the MBA Enterprise Corps. The goals and activities of the committee and UDEL role in it will be addressed below (see Findings, Steering Committee).

Since July, 1995, the UDEL MTEEP management team concentrated its efforts on refocusing program objectives to comply with the USAID/B recommendations and began the planned phase-out of the Advanced Economics and Management Programs (ending date, February, 1996) and retraining of the Bulgarian staff. By the end of 1995, three staff members will have been trained to become project coordinators in charge of outreach, developing training materials, and advertisement activities. At the time of the evaluation team's visit, the UDEL transition effort was in the early stages and there was evidence of some unclarity as to how such a program transition should take place.

At the time of the evaluators' visit, USAID/B and UDEL were awaiting a response from USAID/W to the Mission's request to modify the UDEL grant agreement to enable the change in the project's focus, discussed above.

- C **Steering Committee.** The formation of the Steering Committee (SC) was suggested by USAID/B as a way to coordinate and integrate the activities of different USAID contractors working within the same small and medium enterprise (SME) area of improving technical assistance (IR 1.3.2), and in this way improve the impact of the assistance effort. USAID/B would like the SC to "assume ownership" of the SME sector and to develop a set of well-defined activities designed to achieve measurable results. The primary goal of the SC is to identify Bulgarian small and medium size firms with good growth potential, and to link these firms with the various assistance groups (members of the SC) for detailed analysis and recommendations for assistance in order to further increase their performance. In order to better focus resources, USAID has suggested a sector level approach, targeting first agribusiness, construction, tourism, and light manufacturing sectors. The Small and Medium Size Enterprises (SME)¹⁴ strategy is the basis for these efforts. An important task for the SC was to devise a "needs assessment instrument" which could identify strengths and weaknesses of the emerging Bulgarian firms, and consequently, identify the most appropriate U.S. organization to deliver assistance.¹⁵

The UDEL has been asked by USAID/B to assume a leading role in the activities of the SC and become actively involved in "market research" identifying those firms which would benefit most from training and assistance. Another area of potential SC involvement is "association building" - assisting various professional associations in their efforts to organize, grow, train and certify their members, develop contracts, and offer membership services. One of the hoped for outcomes would be improved ability of the associations to

¹⁴ **Strategies for Small and Medium Enterprise Development in Bulgaria**, a report by Management Systems International, October 19, 1995. The UDEL was actively involved in the discussions and refinements of the draft of the above report.

¹⁵ The UDEL developed a Diagnostic Tool (Needs Assessment Instrument) which will be used during the process of selecting SMEs for interventions (assistance).

advocate for their political interests and promote adoption of regulations.¹⁶ UDEL's task would be to provide on-going continuing education programs for the various associations.

USAID/B acknowledged that UDEL and the SC could be flexible in developing the various areas for intervention, however, workplans, objectives, targets, and indicators should be in place by March, 1996.

The UDEL Project Manager expressed some concerns about the effectiveness of some of the activities suggested for the SC. In particular, he noted that those tasked with collecting information about firms for possible future assistance may not be able to gather sufficient information to enable them to make an informed judgement about the direction of further assistance. Another concern was that the role of the UDEL, (and therefore scope of responsibilities) on the SC was not entirely clear. Would, for example, UDEL be held responsible for meeting impact measures by the SC, even though UDEL does not 'control' the resources of the committee members? Along similar lines, another concern for viable functioning of the SC (expressed by the CDC Director in Bulgaria) relates to merging activities of the SC with objectives and on-going projects of the individual committee members. It is not clear how much latitude (if any) will each group will have to pursue its independent objectives, and the extent of coordination to be achieved by the SC. This issue might be clarified when the SC work plan is completed at the end of January, 1996.

C **Evaluation of Academic Programs.** The NBU faculty and staff, and Bulgarian participants in the programs were uniformly positive about the quality of the content and structure of the courses. The components most valued and appreciated by the participants include: (1) innovative style of teaching introduced by the U.S. faculty; (2) adoption of this style by the Bulgarian faculty teaching the courses; (3) high quality of teaching materials; (4) clear elaboration of goals for each course and individual lectures; and (5) small size of classes. In addition, UDEL programs incorporated "real-world experience" which, as a rule, is not offered by the courses taught at traditional Bulgarian universities. The predominant opinion among those polled, is that graduates of these courses should have very little difficulty in finding good professional positions. All those involved expressed concern and disappointment about the termination of the Advanced Management Certificate and Advanced Economics Programs.

C **Business Development Center (BDC)** is to play a central role under the revised program focus for the duration of the current grant. The Center officially opened in October but at the time of the evaluation team's visit NBU still had not met its commitment of providing a counterpart manager who understands small business development and entrepreneurship.

The future scope of activities for BDC has not yet been fully defined. According to the current agreement, the administration of BDC is to become the exclusive responsibility of NBU after June, 1996, with some continuing U.S. support until 1998. UDEL is preparing a new work plan (to be completed by the end of January, 1996) which will address this issue.

¹⁶ The possible pilot target associations are business consultants and housing appraisers.

What is also not clear is the nature of the affiliation between NBU and BDC. One suggestion was for BDC to become a private, limited-liability company, called Bulgarian Consulting Group, modeled on the Harvard Institute of International Development, in order to ensure that fee-generating activities of the consultants do not threaten the tax-exempt status of NBU. Such a solution would also provide an opportunity for NBU faculty to gain consulting experience.

- C **Sustainability.** Both the U.S. and Bulgarian parties expressed confidence that BDC will survive (in some form) and will be able to cover its operating costs by offering training to selected businesses, developing training materials, offering e-mail services. An additional avenue to promote financial sustainability would be to establish a franchising relationship with the International Business Exchange (IBEX), providing access to on-line business data and trade leads. UDEL has established a tuition structure for all joint NBU/UDEL offerings. The proceeds go into a fund which will be used to sustain programs after the grant ends.

In terms of promoting institutional sustainability, UDEL embarked on strengthening relationships with its partners, and the leadership of both institutions reiterated their commitment to maintaining and expanding the partnership. This could be evidenced by other agreements entered into between UDEL and NBU which are not part of the MTEEP. Continued cooperation between the institutions could make it feasible to reintroduce the academic programs, since as many as 75% of instructors in some programs are Bulgarians.

- C **Impact.** Graduates of Advanced Economic and Management Programs are effective agents of societal change. They teach at leading Bulgarian institutions of higher education [Sofia University, University of National and World Economy, Institute of Trade Research and Promotion, Plovdiv Technical University, Varna University of Economics, Varna Naval Academy, University of Architecture and Construction] and play key roles in disseminating Western-style methods of education and content. Further, the programs have a multiplier effect: UDEL has reported that one seminar taught to a group of 30 trade union instructors, only over the period of three months, was able to reach 18,000 individuals and help them to better understand the basic concepts of the market economy.

4.4 Recommendations

1. USAID/W and USAID/B should agree to, and finalize, the necessary documentation for the change in focus in the UDEL program as contained in the USAID/B November 2, 1995 memorandum.
2. The UDEL role in the activities of the Steering Committee should be clarified. Their participation in this committee should not drain their attention/ resources from other activities approved by USAID/W.
3. The University of Delaware should complete a revised work plan and planned outcomes based on this change in focus by the end of January, 1996.

4. The University of Delaware should provide information to USAID on what it would take for the Advanced management and Economics Programs to be continued to a point of sustainability within a local institution. The discussion regarding the shift of activity and resources from upper level academic programs to short workshops needs to be engaged by USAID/W. While the evaluation team understands the concerns expressed by USAID/B, it believes that eliminating these programs altogether is short-sighted, particularly in light of the current weaknesses in Bulgarian graduate economic education. No additional course work beyond undergraduate economics is currently required by any other program other than UDEL*s for a Ph.D. in economics. In addition, economists trained under UDEL*s advanced program have in turn conducted programs for the Ministries of Finance and Labor and Social Welfare.
5. While it is not the responsibility of the grant, NBU*s success or failure in developing programmatic sustainability will influence the success of the project. It is therefore in UDEL*s interest to monitor and assist this effort.
6. Indicators for impact and sustainability. As the project is in flux at the moment, the M&E team proposes utilizing the following indicators until the project*s status is clarified. It is the team*s intention to then review the resulting program and USAID/B*s indicators, making modifications as needed with the indicators proposed below:

A. Business Development Centers

Impact Level	Indicator	Data Source
Acquisition	Counselors, clients acquire skills, knowledge and confidence in subject matter	Counselor, client interviews Participation rate
	Participation reflects equitable gender distribution	Participation data
	Target participation numbers are reached for clients/businesses	Participation data
Satisfaction	Clients positively rate their experience	Client interviews, questionnaires
	Counselors and staff positively rate their experience	Counselor and staff questionnaires and interviews
	There is a high demand for the program	Numbers of clients wanting services
	Program is responsive to clients*/businesses* needs (availability of library resources, workshops of interest, computer resources, etc.)	Client interviews & questionnaires
Utilization	# of assisted businesses still working and/or receiving financing within 6 months of intervention	Tracking and interviewing clients Questionnaire for past clients
	Clients can demonstrate that they have applied information to their work	Tracking and interviewing past clients Questionnaire for past clients
Change	BDC seen and used as a resource by employers, change in sales of assisted firms	Interviews with assisted businesses and local entrepreneurs

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Demand for counseling and services is high	Project materials Interviews with Project Director & trainers
	Increase in number and percent of counseling hours	Project materials Interviews with Project Director & trainers
	Training conducted by certified Bulgarian counselors	Project materials Interviews with Project Director & trainers
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), clients, and trainers

Sustainability Level		
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/Bulgaria staff
	Legal status of centers; administrative & support systems in place	Observations during site visits, quarterly reports
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Bulgaria staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection and alternate funding mechanisms explored and established and operating (where relevant)	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

B. Advanced Programs

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Return rate
	Participation reflects equitable gender and broad regional distribution	Participation data
	Target enrollment numbers are reached	Enrollment data
	Target enrollment numbers are retained through program ¹⁷	Enrollment data
Satisfaction	Participants positively rate their experience	Participant questionnaires and interviews
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants
	Program retains faculty and students in certificate programs	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by staff, to learn why (separate insufficient academic preparation from dissatisfaction)

¹⁷ These numbers may represent fewer than 100% of the entering class as any academic program experiences a small amount of attrition.

	Program is responsive to students* and faculty*s needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Student and faculty interviews and questionnaires
Utilization	Short-cycle participants can demonstrate that they have applied course information to their work	Tracking and interviewing past participants Questionnaire for past participants
Change	Programs is seen and used as a resource by employers	Interviews with local employers alumni network members, and local entrepreneurs

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Faculty is well trained and its teaching is well received	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), students, permanent and visiting faculty
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/ Sofia staff
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Sofia staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

Chapter 5 Czech Republic

5.0 Country Background Information

In comparison to its comparable neighbors, Poland and Hungary, the Czech Republic has been slower in implementing some of the key, infrastructural changes (for example, the privatization of major industries). It has opted instead for a more gradual transition. However, the overall climate is supportive of political and economic changes which will eventually lead to the establishment of a full-fledged market economy.

In terms of management training and economics education, as one might expect, attitudes among the institutions of higher education and government vary from being very supportive to indifferent to not receptive.¹⁸ Lukewarm support for retraining faculty was evident at the Economics University, whereas faculty in the College of Social Sciences at Charles University appeared open to and interested in opportunities to re-evaluate their approaches to and understanding of market economics. As one U.S. visiting professor commented, the less than enthusiastic response by economics faculty is to be expected, given their previous professional training which taught them to distrust market theories. They are, in effect, working with “negative capital.” It is in this context that the Center for Economics Education and Research and Economics Institute (CERGE-EI), the Ph.D. program in economics and its research arm, are operating.

With respect to their goal of self-sustainability, the MTEE programs are operating in tax environments very different from the U.S. Generating external funding is an integral part of the self-sustaining process, however one traditional source of funds in the U.S., corporate giving, does not accrue the same tax advantage at present as in the U.S. Similarly, there is no tax incentive for local employers to sponsor continuing education opportunities for their employees. That they do give to the projects and do pay for their employees to participate in these programs is a testament both to the quality of the programs and their perceived benefit. Another indication of the social support of these programs, and of a changing social culture, is the willingness of broader segments of the population (from a society in which education was historically without cost) to pay for this non-traditional type of education.¹⁹

The Czech Republic remains one of the few post-Communist countries to retain its democratically oriented government through several elections. U.S. observers as well as the Czech nationals with whom the evaluation team was able to meet agree that the government appears stable, at least for now, unlikely to support an opposition party like its neighbors in Poland and Hungary. This political stability provides a “window of favorable opportunity” for these programs in that their efforts are supported philosophically by the majority party, and the relationships they have cultivated with supporters in the various ministries are likely to last for the next two years, at least.

¹⁸ This conclusion is based upon our interviews with high ranking faculty at several institutions.

¹⁹ CERGE is free for regional students; CMC's programs are fee-based, with employers paying for the majority of the Weekend MBA (WEMBA) students and the short cycle programs; and the majority of students in the full time MBA program paying their own way.

5.1 USAID Office

The Czech Republic will be the first SEED Act program in Central Europe to phase out, with a scheduled completion date of the close of FY 1997. By this date, a total of \$150 million in the form of U.S. assistance, grants and training will have been provided.²⁰ Program efforts have focused on the following four areas:

1. Privatization, economic restructuring and financial services;
2. Broadening participation and volunteerism;
3. Energy efficiency and environmental improvements; and
4. Educational, legal and media reform.

For 1995 - 1997, Mission priorities focus on these areas²¹:

1. Supporting economic transformation;
2. Helping local governments become responsive;
3. Further solidifying democratic institutions; and
4. Encouraging energy efficiency and improved environment.

The MTEE programs in the Czech Republic fall under the first of these objectives.

By the end of FY 1996, what had been 300 activities will be reduced to 13, with the MTEE project being one of the remaining 13. USAID funding for this grant is scheduled to terminate with the close-out of the office in 1997. The remaining project, the Housing Guaranty loan program, will be managed from either another regional office (Warsaw) or Washington.

In the context of this grant terminating within two years, the priority of the USAID office in Prague for the MTEE project is to advise and coach the program into financial self-sustainability. The MTEE project is benefiting from a close working relationship with USAID/Prague in that the representative, Bob Posner, recognizes the contributions being made by the two programs by taking an active interest in monitoring and advising them. In particular, he challenged the projects to support their progress by documenting the status of their transition in funding sources. The first formal review by USAID/Prague of the project's funding situation occurred in March, 1995 and revealed that neither CMC nor CERGE-EI had an (adequate) financial management system. USAID identified an IESC volunteer who organized CMC's financial system into cost/profit centers. Implementing a similar system for CERGE has proven more complicated as CERGE's finances are intertwined with those of Charles University and the Economics Institute. The next progress review is being planned for January, 1996.

The office is keenly aware that regardless of the (artificial) end date for this grant, it is important to ensure that these programs are able to continue providing the same level of services, whether with alternative USAID or other funding. The office also recognizes that the approaches these programs

²⁰ This and information following about the close out plans for the office were derived from the following reports: *United States Assistance Strategy for the Czech Republic 1995-97*; *U.S. Assistance to the Czech Republic (1990 - 1994)*; and *Program Close-Out Plan U.S. Assistance to the Czech Republic: 1995 - 1997*.

²¹ From the document, *United States Assistance Strategy for the Czech Republic, 1995 - 1997*.

represent serve some diverse educational and training needs presented by this period of transition: providing post graduate (Ph.D.) education, disseminating research, conducting training for executive and mid-level managers, providing consultation for government leaders, and changing the general political culture regarding entrepreneurship.

The office has had little contact with the PTMS or other data collection systems, and, frankly, given the impending close-out, has other issues on its mind. They were, however, receptive to seeing the project provide demographic data to get the program “on the map” provided that the reporting requirements were not over-taxing.

In general, there appeared to be strong support for the MTEE project, and support for the evaluation process provided that it accurately reflected the program’s accomplishments and did not fall prey to making gross (and meaningless) generalizations across projects.

5.2 The University of Pittsburgh

The University of Pittsburgh runs two almost independent programs: the Center for Economics Education and Research and Economics Institute (CERGE-EI) and the Czech Management Center (CMC). CERGE-EI offers a Ph.D. in Economics and conducts research and seminars; CMC, just outside of Prague in Celakovice, runs a full-time MBA, a weekend MBA (WEMBA), business English courses and short-cycle management courses.

5.2.1 CERGE-EI

CERGE-EI offers a Ph.D. program in Economics, and serves as the only Economics Ph.D. program for the Charles University. It offers no other degree. Charles University offers a 3 year BA and 2 year MA through the faculty of social sciences. CERGE students must have an MA and pass an English exam. There is a summer session (remedial) to prepare students in English and economics.

Enrollment in Ph.D. Program	Name of Cohort	Admitted in Fall	# enrolled in 1995	#
Year Entered Program				Graduated
1995	Cohort E	13 men/11 women	13 men/11 women	
1994	Cohort D	25 men/7 women	20 men/5 women	
1993	Cohort C	16 men/7 women	13 men/4 women	
1992	Cohort B	16 men/7 women	9 men/6 women	
1991	Cohort A	13 men/5 women	7 men/3 women	1 man
Total		83 men/37 women	62 men/29 women	1 man

Role of the Ph.D. in economic transformation efforts. The Ph.D. is a critical component of the transformation effort in that there is a tremendous shortage of economic talent, and reeducation is almost impossible on a short term scale. In fact, people already trained in economics can be said to bring “negative capital” to re-education efforts in that they have to unlearn and then relearn, a process which can’t be successfully initiated through short term education. In fact, the U.S. faculty

with whom the evaluation team met were of the opinion that students trained in economics in Central Europe come the least prepared because the status of undergraduate economics education is still so poor (all the more reason to get retrained Ph.D.s back out teaching -- the Ph.D. is the best way to seed new faculty). These students have the highest drop out and failure rate from CERGE because they cannot pass junior level undergraduate U.S. economics courses.

Fundraising and funding. Pittsburgh serves as a funding monitor and a vehicle for grants that have to go through a U.S. institution. There is still a fair amount of paperwork connected with funding originating in the U.S., and Pittsburgh coordinates that as well as the administrative tasks associated with bringing U.S. faculty abroad or making arrangements for Czech faculty to study in the U.S.

The CERGE Foundation is located in New York, not at UPitt. There is no inherent reason for the U.S. contact to be associated with UPitt any longer, but a U.S. contact is helpful if faculty and staff exchanges are going to continue.

They have a 5-6 year plan for full independence (financially) based on their estimates of access to the European Union (EU). They plan on raising \$1 million a year for the next 5-6 years to meet with demand (the reduction in USAID funds). Some costs of the program are USAID generated (administrative). Their largest funder is the Czech government, followed closely by USAID, then Mellon and then European Union grants. They have plans to contract with a professional fund raiser (foundation to pay for this) to help.

Tuition. Tuition for a western student attending CERGE is \$8000; Czech students pay nothing. They receive a tuition waiver and stipend for serving as a research assistant. The grant pays for Central European students who are not Czech; the Czech government pays for Czech students.

Admissions. CERGE receives about 400 applications per year, of which about 60-65 are admitted and about 50 of those come to the summer orientation series. From those 50 about 35 are admitted and 25-30 are expected to actually complete the degree. Of those who leave, about half are asked to leave (academically deficient) and half leave on their own -- a total of about 20 percent attrition. Those who leave on their own appear to be leaving more because of family obligations and less because of attractive offers from other schools.

Goals. CERGE-EI would like to provide transition assistance, such as a computer, journal subscriptions and a little travel money to get them to a professional conference, to graduates to encourage them to stay in the region and teach or work in a government.

Project status. A full five cohorts of students are enrolled in the CERGE Ph.D. program. "Cohort E," the fifth group of entering students, spent the summer in the preparation courses and was officially matriculated in the fall semester. Four of the six courses offered during the summer were taught by CERGE (local) faculty, as were seven of the ten courses offered in the fall. The remaining courses were taught by faculty from the University of Pittsburgh, City University of New York, and the University of Vienna. The first Ph.D. was awarded this fall to (Dr.) Jacek Cukrowski, who is remaining at CERGE to teach in the program. A second student from Cohort A is expected to defend his dissertation in January, 1996. Cohorts A, B, and C are all in the dissertation stage of the program.

Enrollment figures are available in the chart at the beginning of the section.

The research component has been productive. CERGE-EI was selected to sponsor the 10th Annual Congress of the European Economic Association (September 1 - 4, 1995). Approximately 950 participants attended the first of these conferences to be held in a former East-bloc country. Twelve CERGE-EI students and faculty presented papers on economic transition at this conference, creating the largest cluster of presenters from a single institution. Numerous regular seminars occurred during the fall, including a new series of student-led presentations of dissertation research. Finally, faculty and students produced numerous publications, including a book titled, *The Czech Republic and Economic Transition in Eastern Europe*, by Project Director Jan Svejnar.

With respect to progress towards sustainability, CERGE has taken several significant steps. In April, 1995, the Rectorate at Charles University passed all financial and administrative agendas for CERGE to CERGE, permitting more autonomy in budgetary matters. In May, CERGE's by-laws were approved by the Charles University Academic Senate. CERGE-EI continues to be led by a team: Dr. Frantisek Turnovec (local) directs CERGE and Dr. Jan Svejnar (UPitt) directs EI.

5.2.2 Findings

- C The faculty and staff of CERGE-EI are deliberate in their use of the U.S. model in a European system. The European model of doctoral level education presumes a knowledge of the basics of the field; students from this type of training are not prepared to read the literature and conduct research. Top European programs are reorienting to the U.S. model of continued course work followed by the dissertation. USAID is providing an example through CERGE-EI for all of Central Europe.
- C They are also clear in the benefit of situating the program in Prague rather in the U.S. Local faculty know where the knowledge gaps are and what educational options already exist. For example, unlike U.S. students, students educated in Central Europe are very good in math but have little intuitive knowledge. Therefore the program needs to shift focus from the U.S. approach on remedial math and be paced to accommodate different needs. Further, being placed in Central Europe gives a natural bias to work on issues that are important to the region. Faculty generally nudge dissertations into areas of interest for them. At least by being in the region, these interests are more likely to reflect regional needs than they would if conducted in the U.S. Conducting the program in the region also increases the likelihood of students staying in the region. They develop a critical mass and network to sustain them upon leaving CERGE-EI and going to their own institutions to teach. This way the graduates go on to visible (regionally) positions rather than to some U.S. institution where their work goes largely unnoticed.
- C The benefits of the Ph.D. aside, the usefulness of CERGE may appear to some to be limited in that it does not offer an MBA program. CERGE targets future members of ministries -- where the human capital is weakest. In this way they believe that foreign aid gets the biggest bang for the buck. In contrast, the MBA has no use except in business (with an MBA, graduates end up working in banks, for example) and CERGE planners are consciously

staying away from business because other programs do that well. One option is to turn the ABD into an MA. They haven't pursued this because the MA is the terminal degree of the Faculty of Social Science and they don't want to "step on toes." They may offer a U.S. MA for those students who can't stick around for the dissertation yet need affirmation of the work they have completed.

- C If external funds disappeared, CERGE could exist but it would exist in a different form. Local faculty could carry on. However foreign aid continues to support the following:
 - a. Visiting faculty, who provide "leavening" to the program by way of supervising dissertations and injecting new perspectives into courses;
 - b. Mobility to the west for students to take a semester or year abroad in the third year and secure study in their area of interest/specialization;
 - c. Maintenance of the level of non-Czech students who require a stipend that is expensive relative to Czech students for whom CERGE receives a government subsidy (the program would become less regional, i.e. no longer beyond national, if foreign aid ceased);
 - d. Life enhancement, meaning that they can pay Czech faculty better than other local institutions, increasing the likelihood that they will stay with the program, and they provide sufficient computers and library resources to attract and maintain good faculty and students; and
 - e. They can provide small research grants to support faculty interests. With this kind of package, they were able to retain a faculty member at a \$16 - \$20K salary who had been offered a \$50K position at a U.S. institution (the CZ normal salary is \$4K).
- C With respect to indicators of sustainability: in addition to the steps taken with Charles University (described above), arrangements were made for an upper-level CERGE student to teach two courses, starting in January, 1996, at the Academia Istropolitana in Bratislava. This suggests that the program is well respected among, and collaborates with, other institutions.

5.2.3 Recommendations

1. Enhance student recruitment. The program wishes to continue to draw students from the region. It appears to be able to attract students from the Central European countries and Russia. They need help getting good contacts in Central Asia from which to draw students. SOROS is helpful in getting applications distributed, as are USIS, Fulbright and Know How (British) offices. They need to get the word of their program beyond the economics faculty to departments of math and physics where the stronger students will be found.
2. Maximize the benefit of CERGE-EI. CERGE serves as a feeder for national think tanks. USAID needs to encourage both the local governments and the USAID offices regionally not to hire expensive U.S. consultants but use their own resources in the form of CERGE graduates. The evaluation team wonders whether other USAID offices know about the attendance of their students at CERGE, and their students' ability. USAID can "buy" a graduate student for a year (fund their studies) and use them in the government with more

efficiency than hiring a U.S. consultant.

3. Expand Third Country Training. CERGE provides the advanced academic environment and resources needed to provide Ph.D. level training to faculty and students from the New Independent States and Central Asia. USAID should consider making greater use of this resource by supporting programs that will send regional students and faculty to CERGE to study.
4. Indicators for assessing impact and sustainability. From the evaluation team's discussions with CERGE faculty and staff and USAID staff, and its observations, it recommends that the following sources be used to track impact:

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Graduation rate
	Enrollments reflect regional reach of program (balance of CZ and of CEE students)	Enrollment data
	Enrollments reflect equitable gender distribution	Enrollment data
	Target enrollment numbers are reached for entering class	Enrollment data
	Target enrollment numbers are retained through program ²²	Enrollment data
Satisfaction	Students positively rate their experience	Student questionnaires and interviews
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants
	Program retains faculty and students	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by CERGE staff, to learn why (separate insufficient academic preparation from dissatisfaction)
	Program is responsive to students* and faculty*s needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Student and faculty interviews and questionnaires
Utilization	Graduates continue in fields of teaching, government, research and/or policy development	Tracking and interviewing graduates

²² These numbers may represent fewer than 100% of the entering class as any academic program experiences a small amount of attrition. The evaluation team will consult with CERGE to establish an acceptable rate of continuation/attrition.

	Graduates and faculty present/publish research findings and policy recommendations	Quarterly reports: Center hosts academic conference(s)/seminars (number of attendees and occupations/fields represented); Faculty and students participate in/present at regional and international conferences; and faculty and students publish papers/books
Change	CERGE-EI is seen and used as a resource by other institutions/ faculty.	Interviews with School of Economics faculty, faculty from other institutions, and staff at the Ford Foundation (as they have also funded CERGE)

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Permanent faculty is well trained and its teaching is well received	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Curriculum is approved by the degree-granting institution	Project materials Interviews with Project Director and University Rector
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), students, permanent and visiting faculty

Organizational: All necessary procedures and policies are established and effectively implemented	Executive Supervisory Committee membership has balance of U.S. and Czech representation	Program documents Interviews with Project Director, and permanent and visiting faculty
	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/Prague staff
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Interviews with U.S. and local Project Directors, USAID/Prague staff, permanent and visiting faculty, and students, and with Charles University faculty in math and physics Enrollment data
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Prague staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

5.2.4 CMC

The Czech Management Center (formerly the Czechoslovak Management Center) (CMC) runs five types of programs:

1. Full-time MBA program
2. Executive (weekend) MBA program (WEMBA)
3. Business English programs
4. Young Managers Program
5. Short-cycle Management Programs

PROGRAM	Completion date	# Started in Prg	# Completed Prg	# continuing in 12/95
MBA 1	June, 1993	23 men/1 woman	24	---
MBA 2	June, 1994	27 men/6 women	33	---
MBA 3	June, 1995	21 men/3 women	24	---
MBA 4		due to start 1/96		
All Business Eng.	All since 9/93	180 men	180	---
		135 women	135	---
WEMBA 1	June, 1996	10 men/1 woman	---	11
WEMBA 2	June, 1997	11 men/2 women	---	13
WEMBA 3	June, 1998	19 men/3 women	---	22
Young Mgr Pgr		182 men	182	

PROGRAM	Completion date	# Started in Prg	# Completed Prg	# continuing in 12/95
		19 women	19	
Mgt Prgs. (short)	All since 9/94	812 men	812	
		193 women	193	
TOTALS:	Since 1992		1245/357	40/6

MBA Program (full time, day). The evaluation team began its exploration of the programs at CMC by challenging the notion that an MBA was valued and useful in the current economic situation. Former students and current staff noted the following strengths and weaknesses of the MBA as a tool for transformation:

- C the programs are good for instructing students in technical information -- the way things are done;
- C their usefulness is primarily limited to those working for larger companies rather than the entrepreneur creating a small business;
- C in addition to the technical information they provide, the programs facilitate the development of regional professional networks among students, later alumni; and
- C the pedagogical approach of the MBA programs exposes students to group problem solving and group strategy work -- skills that were not taught in other academic settings, and skills that they will continue to use in the work place.

The MBA program has undergone a recent restructuring to parallel changes in the MBA program at the University of Pittsburgh. The next cohort enters in January, 1996, rather than last September, 1995. This represents a schedule change as a result of additional preparation and coordination needed to align the program with UPitt's. The MBA is now in modules and has an applied component at the end. Students can earn a CMC MBA by staying in the Czech Republic and completing the internship (the applied component). They can also get a UPitt MBA by spending an additional 4 months at UPitt. A third choice is to finish at any of a number of affiliate programs (e.g., Tulane) and get a degree from the affiliate institution. A few students opted to stay in the Czech Republic to complete the CMC degree the first time this was offered, but most went abroad. There is still a lot of attraction to both go to the U.S. (if one can afford it) and get a U.S. diploma.

The staff has created a marketing program for the two MBA programs, including an 11 minute marketing video, and a presentation by faculty, alumni and staff. These programs are conducted in a variety of cities, usually at a local university or at a community spot sponsored by the local chamber of commerce. Each program provides a viewing of the video, discusses what the MBA is, what differentiates it from other programs and CERGE, costs, deadlines, the commitment needed and its usefulness. They then do a question and answer session in Czech and English and have a "social" afterwards. At the most recent program, October, 1995, held at CERGE, 65 potential students attended. This forum was to attract students for the full time MBA program scheduled to start up again in January, 1996.

Tuition is based on costs, and they have a scholarship and loan program. They are aware of having lost 2 potential students to the U.S. Business School program and one reason may have been cost.

They track all potential students (those who inquire and those who attend the information sessions) and follow up with them to keep the program in their minds. Of the WEMBA participants, approximately 95% of students have their tuition paid by their employers. Of the full time MBA students, approximately 95% are funding it themselves.

The students who have graduated from the day program are now working in international firms, and are often the top level person for their company in Prague.

WEMBA Program. The third cohort of 22 WEMBA students enrolled in August 1995, with a scheduled graduation date of June, 1998. This was the first time that there were more applicants than space in the program. The staff noted a more international mix in this pool of applicants, a generally younger group of students than in the previous cohorts, and students with clearer expectations (and demands) for the program. The increase in applications may be due to the staff's recent marketing efforts.

Management Short-cycle Programs. These programs fall into two categories: "open-enrollment" programs created for the public on the basis of needs assessments, and specialized training created for and contracted by a particular firm. The staff reports that the demand for public programs is flattening, a trend observed by their competitors, as well. However, the demand for the customized programs is so great that the CMC staff says that it cannot keep up with it -- a phenomenon which they attribute to cross-marketing, for example, where a WEMBA student refers his or her company to CMC for additional specialized training.

One of their clients for the customized training is Coca-Cola, from Australia. So far, CMC has offered 3 6-week training programs (spread out over 7 months each). CMC's goal is to become the regional trainer for Coca-Cola and other companies.

Their goals for the future include generating more customized programs, more "second tier" or advanced public programs, and looking for more opportunities to provide regional integration (rather than only within the Czech Republic).

Business English Programs. Their most successful model for these programs combines with specialized or public programs so that a student spends the morning doing training and the afternoon doing language work, and the language work is directly related to the lessons from the morning. A 3 ½ day-long Petrochemical program of senior management was done this way and was very popular. They created simulations with native speakers using negotiation situations -- putting students into the situations they had discussed theoretically in class.

A second innovation is providing out of class assistance over the Internet. Teachers provide "office hours" on the Internet and students send current business correspondence questions to them for assistance.

The program recruits native speaking faculty through the Internet who are TOEFL/RFA qualified, with MAs in English teaching and who have business experience. It appears to have no difficulty attracting highly qualified faculty as this program allows faculty to experiment with methodology.

They charge the highest fees of any business English program in the region and get full capacity in their classes because, they believe, of the qualifications of their teachers, their facilities, the specialization of the classes and their pedagogical approaches.

Their current goals are to continue creating new classes in collaboration with faculty from the management programs, and to push their attendance to 300 (formerly 200 in 1994).

Overall Goals for CMC. After meeting with Dean Eric West and his staff and reviewing the information presented, it is clear that the staff of CMC is moving in the same direction, namely:

- C developing a recruitment and retention strategy that places 25-30 students in each MBA class;
- C creating a multi regional reputation and draw of students. They currently draw mostly from the east, with 20% of their students coming from the west;
- C maintaining a program that is accessible to Czech and regional students (because it is not affiliated with an institution, students have to pay tuition);
- C being respected as the best program in the region. They want to do joint programs and share resources with other regional MBA programs like IMC in Warsaw; and
- C aggressively diversifying sources of non tuition support -- they are currently getting significant Canadian support; Germany may be next.

5.2.5 Findings

- C *Measuring impact/benefit.* It is clear that the time period needed to assess the impact for academic programs is longer than that of short-cycle education programs, and that the long-term impact with respect to improved employability, improved skills, and “multiplier effects” will be greater with the degree programs on a per-participant basis. As CMC offers both types of programs, indicators that are sensitive to these difference are needed. In 5.2.6, “CMC Recommendations” section below, the evaluation team gives its summary of the indicators the evaluation team believes will best reflect the progress (or lack thereof) of the program.
- C *Funding.* The evaluation team heard differing estimates of the percentage of support that the USAID funds represent of the total budget -- estimates that ranged from 60 percent to 20 percent. Even if the figure is closer to 20 % than 60 %, CMC has a tremendous task in front of it. It must replace these funds within the next two years. Eric West was hired in part because of his management experience, but also because of his reputation as a development officer, someone who knows how to raise institutional funds. He certainly has a “time trial” now.
- C *Program Status.* The WEMBA program, the Business English programs, and the specialized management programs seem to be strong, having little difficulty attracting or retaining students. The full-time MBA, perhaps because of its residential nature, is not at capacity. In addition, these programs do not meet the targeted participation rates for women. The evaluation team discussed this issue with local USAID staff, CMC staff and alumni. The

staff noted that fewer women attend the newly created recruiting forums than they had expected. The alumni representative suggested that because there is 0 % unemployment in Prague, the opportunity costs of attending a full time program are too great for some women, or that women may have domestic obligations and cannot do the residential portion of the program.

- C *Local Competitors.* The evaluation team heard the U.S. Business School mentioned several times as the closest competitor to CMC, and so spent an afternoon with the in-country dean, Prof. Dr. Vaclav Prosser, and Vice President and visiting professor, Dr. William Nowlin, also the acting Dean of the College of Business at Rochester Institute of Technology (RIT), the partner and founder of this program. This full time MBA program started accepting students in 1991 as a replica of the RIT program in New York. It receives approximately 80 percent of its funding from Anheuser-Busch.²³

Although one of the original goals of this program was to prepare faculty from its partner, the Prague University of Economics (PUE), to take over the direction of the program in five years, there has been little interest expressed on the part of the local faculty to do so. In fact, the program employs only U.S. faculty to teach its courses and engages in no direct local faculty training. Local faculty are encouraged to enroll in the program. To date, three have done so and two have since left the PUE for the private sector. In addition to general management by RIT faculty from its college of business, there is an advisory board composed of faculty from RIT and other U.S. universities.

Since its inception, the program has graduated 160 MBAs and approximately 10 certificated students.²⁴ The program, consisting of 16 basic courses taught in modules of two courses at a time, can be completed in one academic year. The degree is granted by RIT, one reason given for the program's motivation to use only U.S. faculty. Tuition is \$2,000 for CEE students; \$15,000 for "western" students; and free for a few who demonstrate outstanding ability. For that tuition, students receive free textbooks and may live in PUE dormitories with the same privileges as other university students. Approximately 90 percent of the students are Czech; 10 percent are from other CEE or NIS countries.

One could be tempted to compare these programs strictly by output.²⁵ This program has attracted and graduated 160 MBA students while CMC has graduated 81. However, graduating students is not the only contribution towards economic restructuring that one could expect an MBA program to make. The MTEE program focuses on long term sustainability of programs in the form of generating localized funding sources and a renewing supply of local faculty. The evaluation team concluded that in these areas, this program (the U.S. Business School in Prague) faces severe sustainability issues: eighty percent of its

²³ Total funding runs approximately \$500,000 per year, with \$50,000 of that coming from Prague in the form of accommodations for visiting faculty and pocket money for students.

²⁴ Students who did not complete the program but did complete substantial portions of it.

²⁵ And, in fact, Dr. Nowell urged us to do so, expressing disappointment that USAID had decided not to fund this project in the most recent round of competitions.

funding comes from a “soft” source, a source for which they have not yet developed an alternative should Anheuser-Busch decide to leave Prague (which it may well do once the fate of the local breweries is determined). In addition, the program relies exclusively on U.S. faculty, and has no plans for training local faculty. While CMC should certainly study why students choose to attend the U.S. Business School, to learn if their potential students are being drawn away from CMC, CMC’s graduation rate should not be held up negatively to that of the U.S. Business School, in isolation from these other criteria.

- C *International Competition.* Another source of competition for CMC are the MBA programs offered in other countries. Czech students are interested in studying outside of Czech Republic when opportunity and finances coincide. Evidently, there are loans with 13 year repayment schedules available to students attending two institutions outside of the Czech Republic, one in France and one in Spain. A third institution, yet to be named, will become eligible for these loans, and the rumor is that the likely contenders are either Harvard or Wharton. The selection of either of these could provide serious competition for CMC as the chance to go to the U.S. is highly valued. A key requirement to this loan program is that once students complete the MBA, they have to return and spend 3 years in their home region.
- C *Impact.* Evidence of impact can be found in the return business rate among programs at CMC, and in general in their enrollments. In fact, they hardly need to use simultaneous translation or western faculty, and have raised the cost of customized programs 30 percent over the cost of the public programs since the demand is there.

5.2.6 Recommendations

1. *Sustainability issues:* funding and management.
 - a. *Funding.* It comes as no surprise to anyone that the program needs to develop fundraising to shift usage of foreign aid to "extra" rather than basic programs. How hard this process will be depends on how much funding needs to be replaced -- and as noted above, these estimates fluctuate dramatically. It would be helpful to see the plan that USAID created for these programs, and use that as the benchmark for financial sustainability.
 - b. *Management:* The evaluation team heard from a variety of sources that Pittsburgh needs to phase itself out of this project more than it has done in the past. To meet the grant closing deadline targets for sustainability, at this point it should be a funnel for funding and no longer play a programmatic determination role.
2. *Assessing curriculum/program design.* CMC should look at its new internship program at the end of the full time MBA degree to determine its effect. CMC should document the usefulness of the case study approach, and consider developing a faculty development module as many other programs (including high schools) are looking for training resources in this pedagogical approach; and CMC should consciously nurture integration of the research arm with the rest of its program.
3. *Refining CMC’s market niche.* CMC should specifically target and strengthen its work in

entrepreneurship development as few other programs do that.

4. *Understanding the competition.* None of the staff the evaluation team spoke with during the site visit had visited the U.S. Business School, and the team encourages them to do so. It is important for CMC to know its competition, locally and regionally, very well, so that it can better define its uniqueness, and identify and improve areas where it is vulnerable to competitors (if those areas fall within its purpose). Subsequent communication with the Project Director revealed that he had visited the U.S. Business School. The evaluation team encourages the on-site staff to do the same.
5. *Tracking Impact and Sustainability.*

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Graduation rate
	Enrollments reflect regional reach of program (balance of CZ and of CEE students)	Enrollment data
	Enrollments reflect equitable gender distribution	Enrollment data
	Target enrollment numbers are reached for entering class	Enrollment data
	Target enrollment numbers are retained through program ²⁶	Enrollment data

²⁶ These numbers may represent fewer than 100% of the entering class as any academic program experiences a small amount of attrition. The evaluation team will consult with CMC to establish an acceptable rate of continuation/attrition.

Impact Level	Indicator	Data Source
Satisfaction	Students positively rate their experience	Student questionnaires and interviews
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants
	Program retains faculty and students in degree programs	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by CMC staff, to learn why (separate insufficient academic preparation from dissatisfaction)
	Cross-marketing occurs: students in one type of program either return for additional courses, or refer friends or their employer to other programs at CMC	Quarterly reports Interviews with alumni association members Interviews with employers of current students
	Program is responsive to students* and faculty*s needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Student and faculty interviews and questionnaires
Utilization	Graduates acquire some benefit from having completed degree program (for example, better paying job)	Tracking and interviewing graduates Questionnaire for graduates
	Short-cycle participants can demonstrate that they have applied course information to their work	Tracking and interviewing past participants Questionnaire for past participants
Change	CMC is seen and used as a resource by employers	Interviews with local employers alumni network members, and local entrepreneurs

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Permanent faculty is well trained and its teaching is well received, turnover low	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Curriculum is approved by the degree-granting institution	Project materials Interview with Project Director
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), students, permanent and visiting faculty
Organizational: All necessary procedures and policies are established and effectively implemented	Advisory Committee membership has balance of U.S. and Czech representation	Program documents Interviews with Project Director, and permanent and visiting faculty
	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/ Prague staff
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Interviews with U.S. and local Project Directors, USAID/Prague staff, permanent and visiting faculty, and students Enrollment data
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Prague staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

Chapter 6 Hungary

6.0 Country Background Information

Economic researchers in the United States and overseas indicate that the greatest challenge for countries in the former Soviet Bloc nations, like Hungary, is to develop competitive economies and a new class of managers. Hungary differs from other socialist economies in one aspect - production incentives. Between 1956 and 1988 Hungary established market-priced trading whereby companies could sell privately any production over the quota in an attempt to generate additional sources of income. The result of this policy forced Hungary to borrow extensively to support unproductive companies, and today leaves them with more than \$30 billion of foreign debt. Unfortunately, the total value of assets is less than the debt. The fear of overtaxing citizens is a serious threat.

Local educational institutions in Hungary are serving as catalysts to market reform and are among the leaders of the transition to open economies through their receptivity to upgrading their capabilities to deliver up-to-date management and business education through MTEE project participation. The need for these efforts is appreciated by the leadership in Hungary, though not always supported financially, because of the country's large debt burden. Nevertheless, since 1990 Hungary has made great strides towards developing an open market economy. The major focus of Hungarian foreign policy has been on integration into North Atlantic economic and security institutions (EEC and NATO). Recently the voters returned the Socialist Party to power, which is a reflection of the widening gap between the haves and have-nots. Published estimates indicate that 25 percent of the population is below the poverty level. Further, the gross domestic product (GDP) growth has been relatively flat since 1993, and hundreds of businesses have been forced into bankruptcy, which has resulted in even higher levels of unemployment.

To keep the momentum of reform going, Hungary needs to strengthen the capability of its major institutions to (1) quickly train managers in major Hungarian enterprises in key industries, (2) build university resources, especially faculty expertise, to enable key institutions; management education and training programs to become self-sustaining, and (3) make better use of scarce training resources to share business expertise throughout the country and with influential professional groups.

6.1 USAID Office

The United States strategy is to help Hungary complete its difficult economic and political transformation by promoting the establishment of democratic institutions, private ownership and free-market economy. The Hungarian budget, however, is likely to remain a serious concern, because depressed tax revenues have pushed up the budget deficit since 1993. This in turn imposes a major burden on the whole economy.

Because a number of American companies are already in Hungary and more are interested in investing, the MTEE program, funded by USAID, is important and in demand in Hungary. The program involves diverse bodies of knowledge and even more diverse audiences and consists of the following four major program objectives:

- C Workshops for managers, entrepreneurs and management educators
- C Executive training courses in-country and in the U.S.
- C University faculty and curriculum development
- C Training opinion leaders and university students in economics.

The USAID funding provided for Hungary to address the above areas is largely channeled through two Hungarian institutions: the Budapest University of Economic Sciences (BUES) and the Technical University of Budapest (TUB), which is the first member of a seven-university consortium.

Indiana University works with BUES; SUNY works with TUB and the other six universities. The premise underlying these alliances is that the relationship will increase the ability of the Hungarian institutions to identify and respond to the private sector and management needs of the Hungarian economy. The cooperative efforts of these institutions are developing and strengthening management and quality standards, which results in increased production efficiency. The central element of both Indiana's and SUNY's programs is training of trainers, which is designed to meet the needs of the country for more management training and higher management standards. In SUNY's case, this includes the transfer and adaptation of the U.S. model of total quality management (TQM). This is accomplished through curriculum development, executive training programs, and company-funded TQM implementation projects in a wide variety of Hungarian enterprises.

6.2 State University of New York

One of the two American grantees, SUNY, established the Center for Private Enterprise Development (CPED) in Budapest in 1990 to assist Hungary's private sector development by coordinating all of SUNY's technical assistance programs in the country. In addition to a wide variety of business and management programs, one of the major components of the SUNY program in Hungary is a focus on training Hungarian faculty in TQM theory and practice. In 1993 SUNY began working with TUB's Department of Industrial Management and Business Economics (DIMBE) to establish a Center for Excellence in TQM education. In 1994-95 six regional universities joined TUB and each established a TQM center of its own, with project funding and academic support. The regional centers are in Miskolc, Veszprem, Szeged, Sopron, Pecs and Debrecen.

The TQM programs are designed, organized and executed through close collaboration between TUB and Buffalo, the lead campus for SUNY system in Hungary. Faculty development TQM programs are conducted at the seven universities, and similar programs are designed and conducted at numerous companies and entrepreneurs' associations. The objectives are to create a national culture of TQM and to introduce other management disciplines such as marketing, organizational behavior, strategic and crisis management, and human resource development to the Hungarian managerial sector. Since the program's inception in 1990, more than 100 Hungarian professors, researchers and administrators have participated in faculty development programs and more than 60 SUNY faculty have worked in Hungary.

Program Type	Date	# Of Participants	%Female
TQM Training	Jan-Dec 1995	767	n/a
Short Course Training	Jan-Dec 1995	526	n/a
Small Business Activities	Jan-Dec 1995	524	n/a
Curriculum Development	Jan-Dec 1995	81	n/a
Corporate TQM Implementation Programs	Jan-Dec 1995	548	n/a
Training at SUNY-B	Jan-Dec 1995	21	n/a
Total		2467 (28%F)	691 (28%)

6.2.1 Budapest

TUB's Budapest TQM Center is the hub for much of SUNY's TQM in-country training and was the first center to be established. During the past four years more than 80 Hungarian faculty, businessmen, and middle managers participated at SUNY-Buffalo in specially-designed academic and local business internship programs to gain first-hand knowledge about both the theory and practice of TQM techniques. They have, in turn, used their knowledge to enhance classroom teaching and university management, curriculum development, and new program development, such as the engineering management MBA program which begins this September. The faculty have also begun earning money from the private sector by helping companies establish TQM programs. The success of this program owes a great deal to SUNY's use of full-time professional project managers, both in the U.S. and in Hungary. SUNY's Central Office of International Programs, SUNY Buffalo's School of Management, and SUNY's CPED in Budapest are staffed by full-time, experienced international managers who have long worked and lived in foreign environments.

Through its participation in the project, TUB's DIMBE is designing, with SUNY Buffalo's assistance, the first MBA in engineering management in Hungary. The first classes begin in September, 1996. The two-year program will be taught in Hungarian, in contrast to the traditional western-style MBA program which TUB initiated in 1992 in collaboration with the British Know-How Fund and the Heriot Watt University Business School. The latter is taught in English, and just enrolled its fourth cohort of students. British professors share teaching responsibilities, backed up by a considerable English-language business and management library. The addition of the engineering management MBA will provide opportunities for many more TUB students to study western management techniques and their application to engineering. The specific goal of the new program is to build on TUB's existing strengths in engineering education by introducing an innovative MBA curriculum focused on the management of manufacturing and services in Hungary's technology based enterprises.²⁷

The TQM Center at TUB benefits from a project-funded multi-media classroom, designed by

²⁷ From *Proposal for launching a Hungarian language postgraduate course*, Budapest, 1995.

Buffalo and modeled on the two similar rooms it uses in its School of Management. The TUB classroom is used in undergraduate, graduate, postgraduate and company management training programs. The TQM Center, including the classroom and project-supplied reference library is recognized throughout Hungary for its high quality training and instruction. The library provides an example of the impact of the TQM philosophy and the program on the institution, for it contains more than 2650 titles of American professional books and videos on the subject of TQM. At the regional centers, classrooms are dedicated for TQM training and consultation. In addition, the seven participating centers house 486-PCs, which were procured with project funds. By now, all six regional centers (Miskolc, Veszprem, Győr, Pécs, Sopron, Szeged, and Debrecen), in addition to the one at TUB, are fully operational and are planning programs for 1996. Two of these sites were visited by the evaluation team in December.

6.2.2 Debrecen

The Debrecen Center became operative on May 30, 1995, at the University of Science Debrecen. The purpose of the Center is to become a distinguished educational and research center for the region, providing quality assurance system development based on the principles of TQM. Four programs were conducted in 1995 (for hospital staff and the medical university and industrial leaders) and five local faculty visited SUNY Buffalo for additional training.

Two members of the TQM Center received assignments for the development of an instructional program within the university. It was the decision of the Academic Senate to offer a 10-hour block program on TQM for every major. In addition, in the Managers* Training Program, a 45 hour curriculum was approved. The University also established working relationships with the Hajdu Industrial Complex to provide training for those employees. It is the goal of the Center to play a major role in the region's business and industrial life.

6.2.3 Szeged

The Szeged Center was created in conjunction with the University of Horticulture and Food Industry to create a quality assurance system for the college of Food Industry, based on TQM principles. Numerous programs and materials appear in place and the Center is active.

6.3 Findings

- The SUNY TUB TQM program is a good one, and a good example of project focus. The program also includes other activities, such as courses on strategic management, enterprise renewal, marketing and workshops for Hungarian faculty on teaching and writing case studies in the fields of quality management and marketing.
- The TQM project is on its way to becoming self-supporting. The need for TQM consultation is so significant that local faculty can and should benefit from any re-training. The local faculty participation will become a major challenge for the regional centers.
- Although each center offers similarly based programs, each tailors its programs to local

needs, hence none is in competition with the others.

- The enthusiasm and reception of TQM activities in Debrecen and Szeged hopefully exemplify the same atmosphere experienced by the other centers. Both locations are moving in the direction of self-sustainability: they are receiving contracts from neighboring industrial establishments.
- The TQM Center in Debrecen very successfully cooperates with Hajdu Industries (formerly a munitions manufacturing company) in the transition to peaceful production (washing machines, dryers, hot water heaters and other appliances). The company's president is a member of the TQM Center's advisory committee.
- The Szeged TQM Center is very active in the food production and management areas. The Hungarian faculty leadership of the center is exemplary and creative. The series of seminars on quality management in the food industry was the first in Hungary. SUNY professors, in cooperation with Szeged faculty, played a major role in helping their Hungarian colleagues develop a new management style.
- At the October 1995 Balatonfured seminar, the second in an annual series, approximately 50 fourth and fifth year engineering undergraduates from TUB and the regional universities were given an intensive, week-long look at current topics in human resources, finance, accounting and marketing. The certificate granted at the end of the seminar is a good example of one tool serving two purposes. It signifies achievement by the recipient and also helps promote widespread interest in future seminars.

6.4 Recommendations

1. All TQM centers should market their own consulting capacity to businesses. Three of the seven became revenue producing institutions in the last year. The other four centers need to follow suit.
2. There appears to be interest in further focusing the Szeged Center's activities around food production management and marketing and expanding to include such topics as the FDA's food related management and inspection systems.²⁸ We encourage the staff to consider developing "market niches" such as this.
3. SUNY-Buffalo's summer International Executive Development Program now waives tuition for up to five Hungarian mid-to-top-level managers and faculty. This is commendable, but the overall attendance needs to increase. Funding such an increase in the short term should be the responsibility of the USAID project, not SUNY-Buffalo. In the long term, an alternate funding source must be secured for this highly valuable program.
4. This is a nationwide, multi-faceted project which requires close coordination among the

²⁸ Per a memo from Dr. Endre Racz, 12/7/95.

project's managers at OIP/Albany, SUNY-Buffalo, CPED Budapest, and at the seven Hungarian TQM centers. Communication among all participants was facilitated last year when all six regional TQM centers received project-funded computers and modems, and they are able to communicate rapidly and cheaply by using the Internet.

5. Given SUNY's success in adapting TQM methodology to Hungary, USAID should consider setting aside additional funds to allow the program to expand into other countries -- perhaps through a cooperative approach with an existing MTEE program.
6. SUNY needs to strengthen the TQM Centers outside the capital city.
7. Recommended indicators of performance are contained in the following tables.

A. TQM Centers

Impact Level	Indicator	Data Source
Acquisition	Clients acquire skills, knowledge and confidence in subject matter	Client interviews Participation rate
	Participation reflects equitable gender and broad regional distribution	Participation data
	Target participation numbers are reached for clients/businesses	Enrollment data
	Target enrollment numbers are retained through programs ²⁹	Enrollment data
Satisfaction	Clients positively rate their experience	Client interviews and questionnaires
	Staff positively rate their experience	Staff interviews and questionnaires
	There is a high demand for the TQM program	Numbers of clients wanting services
	Program is responsive to clients*/businesses* needs (availability of library resources, workshops of interest, computer resources, etc.)	Client interviews and questionnaires
	Cross-marketing occurs: clients in one type of program either return for additional courses, or refer friends or their employer to other programs at TQM Centers	Quarterly reports Interviews with employers and current clients
Utilization	Participants acquire some benefit from having completed program (for example, better paying job)	Tracking and interviewing participants Questionnaire for participants
	Participants can demonstrate that they have applied TQM information to their work	Tracking and interviewing past participants Questionnaire for past participants

²⁹ The evaluation team will consult with SUNY to establish an acceptable rate of continuation/attrition.

	Increase in number and percent of companies using TQM	Interviews with local employers, and business leaders
	TQM Centers are seen and used as a resource by Hungarian firms	Interviews with local employers, and business leaders

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Demand for TQM services and training is high	Project materials Interview with Project Director and trainers
	Training conducted by certified TQM instructors	Project materials Interview with Project Director and trainers
	Necessary space, computers, TQM library materials and support staff are available	Observation during site visits Interviews with project director(s), clients and trainers
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local project directors, and USAID/Hungary staff
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local project directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local project directors, USAID/Hungary staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection and other alternate funding mechanisms are established and operating	Interview with Project director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

B. Advanced Programs

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Return rate
	Participation reflects equitable gender and broad regional distribution	Participation data
	Target enrollment numbers are reached	Enrollment data
	Target enrollment numbers are retained through program	Enrollment data
Satisfaction	Participants positively rate their experience	Participant questionnaires and interviews
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants

	Program retains faculty and students in degree programs	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by program staff, to learn why.
	Program is responsive to students* and faculty*s needs	Student and faculty interviews and questionnaires
Utilization	Short cycle participants can demonstrate that they have applied course information to their work	Tracking and interviewing graduates Questionnaire for past participants
Change	Program is seen and used as a resource by employers	Interviews with local employers alumni network members, and local entrepreneurs

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Permanent faculty is well trained and its teaching is well received	Questionnaire from project director(s), students, permanent and visiting faculty Interviews with project director(s), students, permanent and visiting faculty
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with project director(s), students, permanent and visiting faculty
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local project directors, and USAID/Hungary staff
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local project directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local project directors, USAID/Hungary staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating (where permitted)	Interview with Project director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

6.5 Indiana University

The second American grantee institution is the Indiana University School of Business (IU). It is the objective of Indiana*s program to respond to increasing domestic and international competition and assist Hungarian managers to prepare for the appropriate leadership assignments in the new market economy.

The IU and Budapest University of Economic Sciences (BUES), the most prestigious Hungarian institution providing business education, have jointly designed a program: Management Training Cooperation in Hungary (MATCH) to build the capacity of the Management Development Center (MDC) at BUES to address the above needs. The objectives of the program are to focus on training managers at large, high profile companies and improving the training capacity of the BUES faculty.

Program Type	Start Date	# of Participants
Short Workshop	Fall 1995	5 women/25 men

MATCH's 1st program was delivered to the Antenna Hungaria organization. The topic was Business Process Re-engineering, focusing on a team-based approach to corporate strategic decision-making. The executives from Antenna Hungaria's corporate office and several important subsidiaries were led through a case study and exercise program of defining their organization's strategic areas of competitive advantage, and how to allocate resources to build on these foundations.

The program was delivered by Dr. Vince Mabert of Indiana University and Dr. Krisztina Demeter of BUES. The program was initially designed by Dr. Zoltan Vecsey, a professor at BUES and regular consultant to Antenna Hungaria officials. 30 participants (25 men and 5 women) were actively involved in the initial lecture and discussion phase, something unusual in Hungary and an unexpected benefit to the program. The seminar took place at the same time as Antenna Hungaria announced it was to be privatized and requested bidders for a large share of the company.

Certain implementation challenges were faced in this first program. Details of program timing, material and presentation translation, team definition and supervision, and program evaluation were all improved as a result of difficulties experienced in this first program. For example, coordination with USAID personnel in Hungary is vital to events planning. The denial of country clearance for one administrator and problems with other requests revealed that USAID required significant advanced warning for these clearances.

A second opportunity for program planning was the visit of Dr. Danielson, Indiana University's Director of Executive Education. He visited MATCH officials to discuss strategic planning and specific issues involved in successful industrial-educational relationships. Great interest was expressed by everyone in attendance, in particular with the idea of creating a program in Budapest similar to Indiana's Partnership Program.

At that time, the Steering Committee meeting provided MATCH's first opportunity to have an open discussion with each of its partners. In attendance were BUES administrators, MATCH officials, and the corporate partners interested in MATCH programming.

There was much disappointment in November and December of 1995 in that several programs had to be postponed. There were several reasons for this, but at the heart were communication challenges not envisioned when the MATCH project was established. Examples include e-mail and fax problems, differences in working hours (global time factors), holidays (Thanksgiving in the States), and internal company decisions. Most of the difficulties were worked out, but the Christmas holidays and the end of the year reporting were too close to expect serious program participation.

One of the most disappointing postponements was that of the MATAV corporate program, initially considered the main test for defining customized programming for MATCH's future. Several factors seemed to be involved in the delays, though a key issue was the foreign partners' (Ameritech and Deutsche Telecom) negotiations with the Hungarian Government over a controlling share of the company. They eventually received this in the last weeks of 1995, but company officials were much too concerned with this issue to give support for a large educational program that would require a great deal of their top executives' time. The program is expected to begin this February.

The following is a short summary of programs in planning:

1. Aeroplex. The company requested a good management program for the first part of 1996 for low-to-middle managers and foremen. Two professors, one from IU and the other from BUES, are running the assessment of the program, which will mostly be taught by BUES professors. The actual seminars will follow closely after the MATAV, Antenna Hungaria, KFKI, and Babolna programs.
2. Media Program. The Program will include Dr. Sandra Conn from U.S. discussing the specific implications in Hungary and how the new Media Law will impact these operations. Participants will be from the major newspapers (Hungarian and English), the government ministries, and corporate public relations offices.
3. Babolna. This is one of the core programs, since Babolna's plan is to go beyond a basic training program to create an industry training center within its organization. The first seminar will be on business planning.
4. American Chamber of Commerce (AmCham) event. Peter Fath and Ken Rice of AmCham are interested in this semi-monthly/ monthly seminar for members, but want a test run before agreeing to the program. Dr. Marer will probably present a discussion of foreign-Hungarian cultural integration, based on his GE-Tungsram case. AT&T Capital has agreed to sponsor the program.
5. Women Entrepreneurs. IU will base the program on the women who were in classes at the MDC. They were surveyed about the quality of their classes and about what issues are missing from the program. Their feedback will help customize the program.
6. Women in Management. This program was designed as a series of panel discussions, lecturers, and interactions with participants. The revenues from this program may be used in supporting the entrepreneurs' program and the Women's Studies Center activities.
7. The Teaching Resource Center. This will be established in the first half of 1996. The Partnership program will likely begin in the summer. The first seminar will focus on negotiations between management and unions.

A short review of the program suggests that at this moment there is a lack of successful, completed

activities. So far, only one program has been successfully delivered (see “Findings” below). While the evaluation team was on site, the training contract with MATAV, the Hungarian telephone company, was signed, and information was received that Babolna Co. had also signed a training agreement with BUES. This training was to have taken place in December, 1995, and is now scheduled for January, 1996. Internal documents suggest that a number of problems slowed down the progress in creating these programs, including the relatively slow process of funding. The project was characterized by its staff as inefficient; the Hungarian faculty was not enthusiastic; and the (political) need to use the upper level management of the company to plan the program slowed down the ability to plan within the short time frame permitted.

A second component of the project, the Transition Alliances for Regional Success (TARS) is similar to the MATCH program, but is designed to meet the needs of small to medium businesses. They plan on creating an advisory committee, staffed in part by local companies to assist them in setting the direction for this training. The evaluation team reviewed the plan for this component which currently remains just a plan.

6.6 Findings

- C There is a less than ideal cooperation between BUES and IU faculty. For example, BUES professors are not involved in assessing participating companies* needs and requirements. Instead, it is an expectation that the IU professors will do this assignment. IU professors are not capable of doing an adequate job because of a lack of local experience and context in which to ground their findings
- C The role of the BUES faculty seems unclear. Specific program requirements are not outlined in proposed contracts with BUES professors.
- C Program development planning schedules do not allow sufficient time to permit staff to coordinate schedules with clients and faculty. Currently four weeks is allowed and this short start up time has resulted in programs being canceled due to lack of participants and faculty.
- C The emphasis of the MATCH program has changed since December. There is a new focus on partnership programs, business case adaptations, and outreach activities necessary to establish the International Pedagogy Resource Center at BUES.
- C The budget cutbacks at BUES are causing faculty lay-offs. While this may seem like a difficult situation for this project, it has actually created a “window of opportunity,” should the program be able to mobilize itself. This is the chance for the MATCH program, which is funded, to attract the best faculty that the Hungarian university can offer.
- C The IU in-country Coordinator’s role has evolved since December. He is no longer involved in the day-to-day activities of the customized programs. He is working to strengthen IU’s relationship with the American Chamber of Commerce in Budapest and other agencies. He is developing a business forum project with the assistance of the AmCham. He is in effect the Resident Advisor.

- C A new marketing director was hired in November to oversee the promotion of the programs. She has ties to the government Ministries, which will help encourage government participation in future MATCH programs. There is also a BUES faculty member in charge of the BUES partnership program.

6.7 Recommendations

1. Specific program requirements, including duties, expectations and timelines, for the BUES faculty should be outlined in the proposed contracts.
2. Cooperation between BUES and IU faculty is essential. Progress is currently being made in this area. However, further improvement is still needed.
3. The ongoing business development efforts should continue to secure new clients for BUES. Efforts should be made to focus on specific companies and markets such as women in management, women entrepreneurs, companies and the press, and programs for government officials.
4. Contracts have been written for BUES professors involved in the MATCH project. The new tax laws in Hungary delayed the signing of these contracts until January, 1996. However, the specificity of the contracts is less than what is usually included in American agreements. The extent to which the contracts are viewed by the professors as a commitment and enforceability of the contracts should be determined.
5. Develop and conduct specialized training programs for MATAV and Babolna upper level managers. Each program should include several modules designed to meet the current needs of each company. These programs had been scheduled for 1995 and January, 1996 implementation, but were not completed.
6. Develop and implement strategies for involving more women in the programs. The project has planned for a Women Entrepreneurs workshop for March, 1996, and a Women-in-Management series for March, 1996. These are good steps, however, fully integrating women into all programs through efforts by the Marketing Director should be attempted. Previous programs have failed.
7. As there are rich resources in the MTEE programs for case study development, the evaluation team urges the project to pursue more aggressively its goal to found the Teaching Resource Center in 1996.
8. Like other programs, the MATCH program needs to create a “work group” as opposed to a planning group. Someone on site, and preferably more than one person, needs to be responsible for getting the work done.
9. Immediate attention needs to be directed towards local needs assessment and a strategic

programming and financial plan. The evaluation team noted concern on IU*s part that programs had been canceled or dates changed with short notice.

10. The evaluation team noted the difficulty expressed at the prospect of locating alumni of the one completed program for follow up. As contact with “graduates” is critical to tracking the program*s impact, MATCH should establish an alumni tracking system to commence with the next short-cycle training it offers.
11. The program should continue its Fireside Gazetteers in that it is informative and of good quality.
12. Indicators of performance should be developed in conjunction with the MTEEP evaluation team based on those MTEE programs with similar components and be finalized by the spring site visits.

The BUES leadership is committed to this program. A visit with the President of the University (Rector) offered unqualified support and need for cooperation with Indiana University. It is important that the position of the U.S. advisor be delineated correctly and that IU establish significant professorial presence in Budapest.

Given the current political shift, the evaluation team recommended to Dr. Bogel Gyogy that he offer services to the Hungarian government because its employees are not currently benefiting from the MTEE programs. A copy of his letter which was already sent to the government is available.

The University of Indiana program will require very close monitoring during the Spring of 1996 as this is when they believe that they will finally be able to deliver programs that have been delayed since the project*s start up date.

Impact Level	Indicator	Data Source
Acquisition	Clients acquire skills, knowledge and confidence in subject matter Participation reflects equitable gender and broad regional distribution	Client interviews Participation rate Participation data
	Target participation numbers are reached for clients/businesses	Enrollment data
	Target enrollment numbers are retained through programs ³⁰	Enrollment data
Satisfaction	Clients positively rate their experience	Client interviews and questionnaires
	Staff positively rate their experience	Staff interviews and questionnaires
	There is a high demand for the program	Numbers of clients wanting services
	Program is responsive to clients*/businesses* needs (availability of library resources, workshops of interest, computer resources, etc.)	Client interviews and questionnaires
	Cross-marketing occurs: clients in one type of program either return for additional courses, or refer friends or their employer to other programs through MATCH	Quarterly reports Interviews with employers and current clients
Utilization	Participants acquire some benefit from having completed program (for example, better paying job)	Tracking and interviewing participants Questionnaire for participants
	# of assisted businesses still operating within 6 months of intervention	Tracking and interviewing past clients; questionnaire for past clients
	Participants can demonstrate that they have applied information to their work	Tracking and interviewing past participants Questionnaire for past participants
	MATCH program is seen and used as a resource by Hungarian firms	Interviews with local employers, and business leaders

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Demand for services and training is high	Project materials Interview with Project Director and trainers
	Training conducted by trained Hungarian instructors	Project materials Interview with Project Director and trainers
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with project director(s), clients and trainers

³⁰ The evaluation team will consult with IU to establish an acceptable rate of continuation/attrition.

Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local project directors, and USAID/Hungary staff
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local project directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local project directors, USAID/Hungary staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection and other alternate funding mechanisms are established and operating	Interview with Project director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

Chapter 7 Latvia

7.0 Country Background Information

Latvia holds both external and internal political goals. Externally, Latvia's integration into Western Europe is the government's highest priority.³¹ Internally, there continues to be great concern over how to halt growing organized crime and corruption. In 1994, a law allowing most of Latvia's noncitizen population to seek naturalization was passed. This is significant since approximately 34% of the people in Latvia are ethnic Russians, mostly due to the large numbers of Russian workers who settled in Latvia during the 50 year Soviet annexation. As can be expected, the country is challenged with inter-ethnic tensions.

In the last three years there have been fair and democratically sanctioned presidential, parliamentary and local elections. The Latvian government has pursued a rigorous fiscal and monetary stabilization program, as well as progressing from a centrally planned system to a free-market one. Privatization in small enterprises is outpacing that of large state-owned businesses.

The Ministry of Education houses the Higher Education Department in Latvia. The Department approves all Masters-level programs for accreditation, including the MTEEP-funded MBA program of SUNY-Buffalo. The Latvian government, according to the SUNY-Buffalo Project Director, has been very supportive of their partner, the Riga Business School. Currently there are new higher education laws being considered, and the School is working with the government to conform to or petition exemption from the laws. One controversial law requires the language of instruction to be Latvian. It appears that the MTEE program will be able to work with the government to continue to offer its courses in English.

7.1 USAID Office

According to USAID/W, the U.S. considers the political and economic recovery of Latvia to be among its highest development priorities for the region. USAID has outlined three objectives for assistance to Latvia:

- C Economic Restructuring
- C Democracy Building
- C Social Sector Restructuring.

Of the total \$7.45 million request for FY 1996, \$6.9 million is earmarked for Economic Restructuring. The MTEE program falls into this category, which is intended to "foster the emergence of a competitive, market-oriented economy in which the majority of economic resources are privately owned and managed." In addition to the MTEE project, USAID has advised the government and financial institutions, initiated a cooperative credit union movement (since most

³¹ Country and USAID Background information obtained from the following documents: *USAID Country Profile: Latvia*. Distributed July, 1995. *FY 1996 Assistance to Central and Eastern Europe Request*.

Latvians don't use traditional banks), assisted the Latvian Privatization Agency, and worked with the Departments of Commerce and Justice to provide technical assistance and training in trade policy and commercial law.

7.2 The State University of New York at Buffalo

The School of Management at State University of New York at Buffalo (SUNY-Buffalo) has partnered with the Riga Business School (RBS) at the Riga Technical University (RTU) and the University of Ottawa (UO) to provide management education. In fact, this project is the continuation of a United States Information Agency (USIA) funded project which lasted from September, 1992 through December, 1993 (with a total budget of \$767,000). SUNY-Buffalo obtained a no-cost extension from USIA to bridge the time gap between USIA and USAID funding. The overall goal, project objectives, and program leadership are nearly identical. The USAID MTEE grant to SUNY-Buffalo is in the amount of nearly \$1.5 million. This money has been designated to achieve the goal of developing a comprehensive and self-sustaining center for management education. To this end, SUNY-Buffalo and RBS have the following objectives:

1. A high quality MBA program, with efforts focused on core curricula enhancement and relevant (Latvian) case study development.
2. An undergraduate business program to be phased in with pilot courses to engineering students.
3. A professional development program for 9 Latvian faculty and Ph.D. study at SUNY-Buffalo for 2 Latvians.
4. Sustaining the English Language Center (ELC), which provides English training for general use, a pre-MBA English program and specialized training tailored to the needs of requesting groups.
5. Developing and strengthening the infrastructure of RTU by providing computers and a resource library, and enhancing the physical structure of RTU.

The evaluation team is planning to travel to Riga in Spring, 1996. This report reflects information gained from UB's quarterly report (July - September, 1995), as well as conversations with the U.S. Project Director.

7.2.1 Pre-MBA Courses

The pre-MBA program is designed to bridge the gap between an undergraduate degree and the MBA program by providing basic training in Accounting, Economics, Statistics, and other business courses, as well as in English. Three pre-MBA courses were taught by RTU professors, one of whom was a graduate of the first MBA class. The remaining two professors are currently undergoing training to join the MBA faculty. In September, 106 students were admitted to the fifth Pre-MBA class.

Pre-MBA Enrollments

Class	Start Date	Completion	# of Students	Male/Female
2	Fall 1992	Summer 1993	35	25/10
3	Fall 1993	Summer 1994	56	34/22
4	Fall 1994	Summer 1995	86	46/40
5	Fall 1995	Summer 1996	89	39/50
Total			266	144/122

7.2.2 The MBA Program

The great majority of students who enroll in this full-time, two year MBA program come from the Pre-MBA series. To date RBS has graduated one class of 12 MBA students, and has enrolled a total of 152 students - 62 women and 90 men. It is interesting to note that only 5 of the participants have been ethnic Russians. The second and third cohorts of MBA students are now in the program (the first class has already graduated) and 57 students were selected from 82 applicants to participate in the fourth class.

Two courses in the MBA program were taught in the summer session, and three courses were in progress for the fall term. All five courses were taught by visiting (American or Canadian) professors. Toward the objective of developing local case studies, a week-long Case Method Workshop was presented in August by a professor at the University of Ottawa. The workshop was divided into parts: Teaching Using the Case Method, and The Case Writing Process. There were 9 “core” participants, representing the Stockholm School of Economics in Riga, the Latvian Pedagogical Institute, and The Riga Business School, who completed the workshop.

Class	Start Date	Graduation	# of Students	Male/Female
1*	Fall 1992	Spring 1994	38	28/10
2	Fall 1993	Spring 1995	34	17/17
3	Fall 1994	Spring 1996	40	22/18
4	Fall 1995	Spring 1997	40	23/17
Total			152	90/62

** Class 1 was completely under the auspices of the former USIA funding.*

7.2.3 Faculty Development

The overall plan for faculty development, the cornerstone of insuring the continuation of the project, is a progression of development and study opportunities in Riga and overseas. RTU faculty are required to complete the RBS MBA program. During their study, they may take courses at Buffalo. Upon graduation, they enroll in a summer course in pedagogy at the University of Ottawa, and remain there for a month-long internship in business. When they return to Riga, they team teach with visiting faculty before assuming sole responsibility for courses. Throughout the training, they are likely to be teaching in the pre-MBA program as well.

During the third quarter of 1995, two returning Latvian professors were joined by two additional professors at SUNY-Buffalo in New York, to continue or begin studies in the SUNY-Buffalo MBA program. In addition, one professor began the Teaching English as a Second Language (TESOL) masters program, and the RBS Chief Accountant began study at the Intensive English Language Institute (both SUNY-Buffalo programs). Finally, one professor traveled to Canada to participate in the one-month internship and was joined by a second professor for the one-month training program coordinated by University of Ottawa. Two other professors were scheduled to participate in the Canadian programs, but were unable to do so.

Dates	# Faculty & Administrators Trained	
	Summer Program Canada	Academic Program Buffalo
July-December 1995	2	6

7.2.4 The English Language Center (ELC)

The offerings at the ELC are divided into two groups. The Pre-MBA English courses are designed for those students who have been admitted to the MBA program for September, 1996, but need additional instruction and practice to meet the English requirement. The 29 students enrolled this summer were divided by ability into two groups. Course content was designed using business case studies and advanced writing. Of the four instructors, three were visiting U.S. or Canadian professors, and one was from University of Latvia.

The General English Program attracts students wishing to improve English for personal or professional reasons, and those studying for admittance to the September, 1996 Pre-MBA program. Sixty students were enrolled in the General English program this summer.

Total enrollments (program-to-date), including that of women, in the ELC's programs were not available at the time of this report.

7.2.5 RBS Physical Plant Renovation

The third quarterly report notes that the money from the Latvian government earmarked for building renovations at 11 Skolas iela building could not be provided. Roof repair, using tuition revenues from Fall quarter, was commenced. Following the repairs there was a move by the University of Latvia dentistry clinic to make way for a computer lab and lecture hall. Renovations on the new wing are underway.

7.3 Findings

- C SUNY-Buffalo and RBS appear to be on schedule with many objectives. The project seems to be benefiting from the capable leadership of Drs. Thomas and Brinkmanis, as well as Sam Bruce, Assistant Dean (in residence at RBS).

- C Latvian faculty are being trained on several levels to assume teaching positions in the MBA program.
- C There is a clear and planned progression for students: First (if necessary) a program in General English, followed by admittance to a Pre-MBA program with continued English instruction as well as basic business courses. One would expect, then, a relatively prepared cohort for the MBA program.
- C Following MBA degree certification, some students are being prepared for teaching positions in the MBA program, with teaching in the Pre-MBA program and/or study in the U.S. providing further experience and training.
- C In conjunction with the "MBA track," several Latvian instructors are being prepared to assume leadership roles in the ELC by training in Latvia and here in the U.S. to be English instructors.
- C *Self Sustainability*
The faculty development plan is a sound one to provide RBS with a cadre of qualified Latvian instructors by the end of FY 1997. To ensure financial self-sustainability, the project leadership is in the process of completing the long-range plan, which is to be presented this spring at the RBS advisory meeting.

It is important to note that there are two forces working together to ensure stability and seek out local funding for the program. First, the Riga Business School Advisory Board, composed of local business professionals and government representatives, is charged with providing guidance and support for the development of the school. To this end, the fifteen member board advises the director, offers speakers from the board membership to students, and markets RBS to the community. The board was working recently (as noted in minutes appended to quarterly report) to address the issue of renovation of the building and to provide speakers to students on a regular basis.

In addition to the Advisory Board, there exists a Planning Committee at the University of Buffalo, led by Voldemar Innus (the Vice President of SUNY-Buffalo). The Planning Committee is developing the long-range financial plan to be presented to the Advisory Board this spring. The Committee expects to have Arthur Andersen evaluate the financial plan at the end of 1996. In addition, Dr. Innus is working to secure external funding on behalf of the RBS. For example, he has approached the Latvian American Association for a loan to complete building renovations. With the complementary local, U.S., and Canadian teams working to ensure the long-range stability of the school, the outlook for success is positive.

Currently, USAID money represents about 27% of the total budget for RBS.³² SUNY-Buffalo funds about 7% and the UO about 17%. The Latvian government, by providing the building (and, at the date of this budget revision, the renovation funding), accounts for 34% of the

³² Information provided by the Riga Business School 4-year Budget, revised 11/09/94.

budget. The remaining 17% of costs come from RBS-generated funding.

The project seems to be well underway. There are plans for continuing the program when USAID funding ends, and a specific timeline is being developed. The government is supportive, and Dr. Brinkmanis, the RBS Director, has provided strong leadership working with local business and government officials to gain support for the program. The self-evaluation mechanisms for student satisfaction, faculty performance and financial security are in place. Women are well represented in the program, although the program is clearly a Latvian one (note the very small numbers of ethnic Russians participating). If the program continues on schedule, it should be self-sustaining by the end of the grant period.

7.4 Recommendations

1. SUNY-Buffalo project personnel should continue to keep the evaluation team up to date on project developments. It seems we still need to work out communications so that the SUNY-Buffalo staff are regularly receiving electronic newsbriefs.
2. Women are being represented in increasing numbers as the Pre-MBA programs proceed. It is notable that their numbers remain stable in the MBA program. The reasons for this should perhaps be explored. At any rate, the success of the Pre-MBA program in attracting women, if this is an intentional effort on the part of the UB/RBS team, could be shared with other MTEEP grantees at the Project Directors* meeting this spring.
3. Indicators of performance, impact, and sustainability similar to those of other MTEEP programs with comparable components should be developed now, in conjunction with the M&E team, and finalized by the spring site visit.

Chapter 8 Lithuania

8.0 Country Background Information

Lithuania has been slow to attract foreign investment and generate a favorable trade balance. As a result, it is developing less rapidly than its Baltic neighbors. The government's ruling party is particularly interested in tax administration issues, and increasing direct foreign investment in large enterprises, such as the off-shore oil terminal at Butjnge. Development of the private sector is critical to the future of the economy. Agribusiness is particularly important in Lithuania and therefore requires managers, accountants and marketers trained in free market economies.

The banking and financial sector is still weak. In fact, the in-country Project Advisor for the Texas A & M International program notes that the most significant national issue is the banking crisis. The scandals following several banks being declared insolvent are reaching the highest levels, including the Prime Minister. Economic activity has slowed down, and construction funding promised by the Prime Minister to Kaunas Technological University (KTU) may be redirected if the government sets new priorities. In addition to overcoming infrastructural shortcomings, Lithuania and other Baltic countries have become transit points for smuggling into and out of Russia and the other New Independent States.

A priority for training programs should be the development of the private sector, with emphasis on financial reform and improving agribusiness, and improving nuclear safety and energy efficiency. USAID reports suggest that emphasis on agribusiness development may assist Lithuania in becoming less dependent on its neighbors and in creating an export base. Further, although Lithuania now owns the Ignalina Nuclear Power Plant and other electricity supply and distribution plants, the country remains virtually 100 percent dependent on oil, natural gas and nuclear fuel rods imported from Russia.

8.1 USAID Office

The U.S. Departments of Commerce and Justice and USAID currently provide technical assistance and training in the areas of trade policy and commercial law, anti-monopoly legislation and competition advocacy, and collateral law and bankruptcy.³³

USAID's three strategic objectives for the country are:

1. Foster the emergence of a competitive, market-oriented economy in which the majority of economic resources are privately owned and managed.
2. Support the transparent and accountable governance and the empowerment of citizens through democratic political processes.
3. Strengthen the capacity to manage the human dimension of the transition to democracy and a market economy, and help sustain the neediest sectors of the population during the transition period.

³³ USAID, (1995). *FY 1996 Assistance to Central and Eastern Europe: Lithuania*.

Approximately \$12.6 million in USAID funding is directed towards Lithuania in FY 1996. The MTEEP effort represents \$2.25 million for the period of April 14, 1995 - September 30, 1998. This project fits under the first strategic objective, support of a market economy.

8.2 Texas A & M International University

Texas A & M International University (TAMIU) formed a cooperative agreement with Kaunas Technological University at Panevezys, Lithuania to further develop the existing Center of Management, Technology, Entrepreneurship, and Public Administration (COMTEPA) into a center for excellence in management training and economics education. The project intends to strengthen these four areas of COMTEPA activities:

1. Entrepreneurship training: creating trainers to conduct short-cycle workshops to develop the skills of entrepreneurs in five cities.
2. Management training through an executive MBA program and certificate and short-cycle programs.
3. Development of a resource center in support of these two areas of training: development of a computer lab and classrooms and materials including Lithuanian-based case studies.
4. Training and workshops designed for managers in government and nonprofit organizations, including a special certificate program for public administrators.

Type of Training	Dates 1995	Target Group	# of participants
seminar	Nov. 20-24	College & University Faculty, entrepreneurs, managers of large companies, managers of economic departments (municipality and regional mgr. office, and bankers	51 (25M, 26F)
seminar	Nov. 27	Faculty of universities and colleges, KTU students	69 (30M, 39F)
seminar	Nov. 28	Administrators and managers of banks, entrepreneurs, admin. of enterprises	39 (18M, 21F)
seminar	Nov. 29	Chief Specialists of Ministries of Economics, Finance, Communication, Construction, Department of Privatization, top managers of Lith. enterprises, Vilnius city council	4 (3M, 1F)
seminar	Nov. 30 Dec. 1	Members of the American Chamber of Commerce	107 (57M, 50F)
seminar	Dec. 2	Staff of Lithuanian Free Market Institute	25 (13M, 12F)
seminar	Dec. 3	Members of Journalists - Entrepreneurs Club	1(1M, 0F)
seminar	Dec. 11	Univ. Faculty, small and medium businesses, managers & chief specialists of enterprises, municipalities, banks	32
Total			328

8.2.1 Program Status

The Evaluation Team has had some difficulty communicating with the project staff for TAMIU. The most recent information provided by TAMIU (as of January, 1996) was that there had been some internal leadership problems related to the project. As a result, the Project Director is now Dr. William Boyd, a Vice President at TAMIU and TAMIU's representative at the Project Directors* meeting in November, 1995. From the proposal for the project, it appears that COMTEPA is already managed by KTU personnel; the Coordinator on behalf of KTU/P is Algimantas Zenkevicius, a dean at KTU/P.

From recent communication with the TAMIU staff, the evaluation team received the subsequent analysis of the project. The project continues to run behind schedule, however, through a regrouping and redirection of effort it is expected to recapture the lost time and produce a working project. Much has been accomplished through the efforts of the TAMIU on-site Project Advisor, Dr. Robert Vichas. These include:

- C An annual work plan established for the first 12 months of activity.
- C Operating procedures established with the Texas A&M Research Foundation.
- C Materials prepared (with translation) to establish an MBA program.
- C Two training modules finalized for the Entrepreneurship program.
- C Job descriptions and organizational charts designed for all Lithuanian personnel for the project office and COMTEPA.
- C Translation of materials used for project training initiated.
- C The physical premises designed (including classrooms, computer labs, offices, and a data center) for the COMTEPA Center and the project office.

Much of the work to complete the Center has been slowed by local (Lithuanian) impediments to progress. The Project Advisor notes that the grant was signed in the middle of the calendar year, making it impossible to amend the (local institution's) budget to provide funds for the Center. However, the Prime Minister promised \$100,000 to be distributed during November - December. The Prime Minister's offer was helped most, he notes, by a Press Conference held by the Center in October (see 8.3 Findings). Planning is underway for the opening of the Center, anticipated for April, 1996. Equipment for the project office and the Center has been identified and its acquisition will be tied to the completion of adequate facilities to house it.

Other activities which continue to be underway include the development and implementation of needs assessments, surveys of training, and educational activities to determine areas of greatest demand and an evaluation of technological changes in Lithuania and its universities.

The establishment of a functional COMTEPA Center is the pressing current activity. The physical premises have been designed to effectively carry out the project. Completion of this will bring this part of the project to its functional beginning. Additionally, the Entrepreneurship Program should be underway by late spring and the MBA program is due for implementation by summer, 1996.

8.3 Findings

- C TAMIU has not filed any quarterly reports with the management and evaluation team for this period. The quarterly report submitted to USAID/W directly by the Lithuanian Project Advisor was forwarded to Texas A & M International for final approval, and has not yet been re-submitted. The M&E team would also be interested in receiving the annual work plan that was developed, so that we may better understand the short-term goals of the project, as well as plans for moving toward self-sustainability. No site visit was conducted this fall because the project had only recently been approved. The evaluation team will be visiting the site in May, 1996, and expects to find evidence of project implementation in all four areas.
- C In addition to the above, the following program activities are taking place, as summarized in a recent communication from Dr. Vichas:
- a. A successful press conference was held in October to establish the reputation of the project. About 500 people attended, and speakers included: the Prime Minister, Minister of Education, Minister of Municipalities, Minister of Labor and Social Affairs, Regional Director, City Mayor, U.S. Ambassador, USAID representative, President of TAMIU, Rector and Vice Rector of KTU/P.
 - b. The Entrepreneurship Program modules have been finalized and scheduled and consultants will shortly receive contracts.
 - c. Entrepreneurship Seminars have been offered.
- C Local staff have been busy marketing the COMTEPA Center by contacting many individuals and organizations regarding seminar opportunities. In addition, journal and newspaper articles, and TV and radio broadcasts have increased awareness of the Center's activities.

8.4 Recommendations

1. The project's goals, as stated in the proposal, are diverse. The evaluation team's experience has been that a program's impact is often diluted when it has to spread its attention to too many and different programs. The team encourages TAMIU to be sure that its efforts focus on particular, thoroughly assessed needs, and that the plan, now that they have had six months to try things out, will meet the short time frame available.
2. TAMIU staff need to maintain frequent communication with the evaluation team. The team's expectation is that there will be, at a minimum, monthly communication initiated by the team with Dr. Boyd or his designee. This will enable the team to understand the progress being made in implementation, the reasons why, and to offer suggestions, or to intervene when necessary or requested, communicating to USAID when appropriate.
3. TAMIU needs to file its quarterly reports with the evaluation team, as well as USAID. The team can serve as an advisor with respect to the construction of those reports if TAMIU wishes to make use of the team's expertise.
4. Indicators of performance, impact and sustainability should be developed now, similar to those of other MTEEP programs with comparable components. They should be developed

in conjunction with the M&E team, and finalized by the spring site visit.

The team looks forward to working with TAMIU and to the spring site visit. Among the issues to be discussed either before or at that meeting will be:

- C Clarification of the MBA program goals and plans for its continuation (if any) after the life of the grant
- C Progress of the Entrepreneurship Program, now scheduled to begin in March, 1996
- C Development of Case Studies
- C Development of Electronic Library
- C Indicators of Success for Project
- C Other program issues.

Chapter 9 Poland

9.0 Country Background Information

Poland is the largest Central and East European country, and with its population of 40 million is larger than Czech Republic, Slovakia, Hungary and Bulgaria combined. Poland's size produces particular complexities which the smaller countries might not face or experience so acutely. At the same time Poland can serve as a model (although an imperfect one) for transition to market economies not only to its neighbors to the West and South but also to the East - to Ukraine and Russia. The success of Poland's democratic and economic transformation is crucial for the stability of the region as a whole.

Poland was the first of the above CEE countries to overthrow the communist regime and to embark on systemic transformation of its political and economic systems. In comparison with the other CEE countries, Poland has undertaken the most dramatic economic reforms within the shortest time period. The foundation of Poland's successful economic recovery has been a major stabilization program which began in 1989. It concentrated on tightening fiscal and monetary policies, price liberalization, devaluation of currency and controlling the growth of debt. As anticipated, during the early years of transition the immediate result of these stabilization measures was a substantial decline in gross domestic product (GDP). However, the unwavering adherence to the established macroeconomic policies by the successive Polish governments resulted in substantial progress in restructuring and stabilizing the country's economy. Presently, Poland has one of the fastest growing economies in Europe, with 5 % growth of GDP in 1994 and a projected increase to 6 % in 1995. Although Poland is definitely a success story in transformation, it still has to address issues of inflation, unemployment and privatization of large state-owned enterprises, banking and reforms of the tax system.

Changing the system of ownership is considered to be the most fundamental change to facilitate transformation of a command economic system to a market-oriented one. The legal framework for Poland's privatization program was established by the Privatization Law for State-Owned Enterprises passed in July, 1990. The law provided for two methods of privatization: (1) capital privatization - converting state-owned enterprises to a state corporation, followed by a sale to private investor and (2) liquidation - immediately selling the enterprise, transferring it to an existing business, or leasing it in part or whole, or bankruptcy. Despite a rapid growth of the country's private sector of medium- and small-sized firms, privatization of large, state-owned enterprises has been slower than anticipated and as a result, significant portions of Poland's strategically important industrial enterprises remain in the hands of the state. Although Poland's private sector has become the primary source of GDP growth, the state-owned industrial enterprises still account for close to two-thirds of the country's industrial production. The delays in privatizing larger state-owned enterprises can be attributed to three main factors: the electoral changes within the government over the past four years; the reluctance by the state-owned enterprise employees and management to embark on the privatization process; and the overall difficult financial situation of the majority of the state-owned enterprises. The new government formed after the 1993 parliamentary elections by the Democratic Left Alliance (the former communist party) and by its traditional supporters, the

Polish Peasant Party emphatically stated that it will not make any drastic departures in economic and social policy from the path adopted by its predecessor and that economic integration with the West and strengthening market mechanisms remain a priority. However, continuing pressures on the social policies (such as social security, unemployment) as a result of maintaining the pace and structure of the reforms, may eventually make the “social cost” of transformation too high and lead to even further slowdown in pace. The 1995 presidential elections brought in a new president who was the candidate of the Democratic Left Alliance, thus making Poland one of the first countries in the region to elect a former communist as its leader. The implications of this development for the future of Poland’s transformation are not clear. For the most immediate future the president’s and government’s commitment to continue with the established pace of reforms will be closely and anxiously watched.

The challenge for the various MTEE projects operating in Poland has been not only their relevance to ever-changing needs of the economy but also to gain professional recognition and to find an institutional anchor best suited for making the projects successful. At present, there are over twenty institutions offering MBA-type programs in Poland. These programs vary in length of instruction, content and overall quality of the training they deliver. Most importantly, however, the Polish Ministry of Education has not yet recognized a MBA degree and, consequently, Polish institutions do not have a legal right to grant their own MBA degrees. Therefore, all MBA degrees granted in Poland are granted by a foreign institution often as a ‘companion* degree to a Polish one. The pressures on the Ministry of Education to sanction an MBA degree are growing as more schools are applying for such right. However, this is a very slow process which requires at least some restructuring of undergraduate education in Poland.

9.1 USAID Office

In recognition of Poland’s lead in the process of transformation, the country was the first one to receive U.S. assistance and has received the largest share of the assistance package in the region. The majority of the U.S. assistance to Poland has been directed to economic restructuring and transformation (86%), followed by quality of life issues (approximately 11%) and democratic initiatives (approximately 3%). Initially, it was thought that the U.S. assistance would be required only for the first five years of the transformation process but it has since become apparent that further assistance is needed to both support the already on-going transformation processes and to foster new ones which would bring the country closer to integration with the European Community (EC).

As a result of a reevaluation of Poland’s needs, the USAID established an extended support schedule for additional assistance which is to culminate in 1999. The revised USAID strategy for Poland has concentrated on focusing resources on specific strategic objectives and moved away from previously supported broad sectoral projects. Consequently, the U.S. government strategy will focus on achieving four objectives over the next four years, which are considered essential if Poland is to accomplish a successful transition to a market economy. The four objectives are:

1. Stimulate development of the private sector.
2. Establish a competitive private financial sector which meets the needs of a modern market-oriented economy.

3. Foster local government which is effective, responsive and accountable to its citizens.
4. Strengthen institutions essential for sustainable democracy (NGOs, independent media, legal and judicial systems, civic and social science education).

The allocation of the FY 1995 budget to these objectives was (approximately) 26 %, 20 %, 44 %, and 10 % respectively. This strategic plan was revised at the U.S. Assistance Working Group meeting, held on October 5, 1995. It was decided to consolidate and focus U.S. foreign assistance to Poland on the three strategic objectives - private sector, financial sector and strengthening local governance. The latter objective includes assistance in transforming the country's higher education system and to assure that Polish universities can deliver management training and economic education for entrepreneurs and the general student population relevant to the needs of a market economy.

The revised U.S. government assistance strategy emphasizes the growth of a network of self-sustainable institutions which could support and ensure the continuation of the reform process supported by human resource development, particularly in lesser developed parts of the country. It has also been recognized that often the most responsive and effective agents for generating change are non-governmental organizations. This recognition led to refocusing assistance away from the central levels of government to a grass-root level. On the other hand, continued work with the central government will likely be necessary to both maintain receptiveness of the government to the various reform efforts, and to support and sustain changes elaborated at the local levels. The continued priority for U.S. assistance to Poland is focusing on reforms and programs which can be replicated in other parts of Poland, particularly in lesser developed parts of the country, thus implementing programs with lower start-up costs and avoiding some of the earlier mistakes. Using the "Polish model," and thus learning from its successes and difficulties, in a wider regional context such as with Poland's neighbors to the East (Ukraine, Belarus and Russia), has become an important goal of USAID/Poland.

USAID/Poland has effective control over all contracts and work orders and they oversee, coordinate and develop the strategic plans for aid in Poland. There is an understanding between USAID/Washington and USAID/Poland that no projects are to be initiated in Washington without the field officer's concurrence. The last year for U.S. assistance to Poland is FY 1999. As U.S. aid becomes withdrawn from other countries in the region, as is planned for the Czech Republic in FY 1997, the Warsaw office will assume regional responsibility and oversight for the various projects still operating in the region.

For the next four years, the priority of the USAID Project Officer for the MTEEP projects is to assure that the design and implementation of the projects continues to support the appropriate strategic objectives and that targets and indicators for these objectives are well defined and specific. At the same time, the mission office is keenly aware of the need to monitor on-going political processes and any possible implications the various developments might have for continued implementation of the stated strategic objectives.

The Management Training and Economic Education projects currently operating in Poland are targeted at accomplishing Strategic Objectives #1 and #3 - development of private sector and fostering effective local governance with its emphasis on development of university and other types

of programs relevant to transition to and sustainment of a viable market economy. The MTEE projects enjoy support of the mission and the Project Officer is actively involved in monitoring the progress and discussing issues as they arise with the in-country and U.S. Directors. In addition to achieving and maintaining smooth and efficient operation of the programs, two issues remain at the forefront of attention - achieving and working towards institutional and financial sustainability of the institutions created with the help of these grants.

Program Descriptions

At the present time three MTEE projects operate in Poland at five sites: (1) Central Connecticut State University with Technical University of Wroclaw and with University of Gdansk; (2) University of Minnesota with Warsaw School of Economics and with Olsztyn University of Agriculture and Technology; and (3) University of Maryland with University of Lodz. The University of Maryland (UM) project is a new grant and the CCSU activities in Gdansk are a sub-project and an extension and duplication of its program in Wroclaw. The remaining projects are continuing projects from the previous grant phase.

9.2 University of Maryland at College Park (UMCP) University of Lodz (UL)

The goal of this project is to create a self-sustaining "Center for Excellence" for management education based at the University of Lodz which will be able to provide high-quality training to a broad cross-section of students and professionals in public and private sectors of the economy. This goal is to be achieved by accomplishing the following project elements:

1. Establish a Polish-American Management Center (PAM Center) as an innovative and independent unit of the newly created Faculty of Management at the University of Lodz (October, 1994) to provide institutional base for all activities affiliated with the Faculty of Management.
2. Restructure and revise the existing 5-year day-time academic program in management.
3. Create a new part-time Executive MBA program (LEMBA) offering a Certificate from the College of Business and Management, UMCP.
4. Design and present workshops and executive training courses for managers and executives which meet local, regional and national needs.
5. Develop and offer Distance Learning programs targeted at high school students and teachers, workers in privatizing state-owned firms, and the general public throughout the Lodz region.

The combined program, therefore, is scheduled to be implemented at the following levels: Post-diploma courses, Masters of International Management courses, executive training courses for managers, entrepreneurs and executives, and short-term training courses for general public.

Program Type	Start Date	Number of Participants
Short workshop: investment in Polish Capital Markets	10/95	16 (no gender breakdown)
Executive MBA (LEMBA)	9/96	n/a

The UMCP/UL project is a new project. The grant application was formally approved by USAID on September 30, 1994, with the funds transferred to the project in February, 1995. The activities during the first months of the project (October-December 1994) were primarily focused on staffing the project and establishing administration. A part-time UMCP project manager and the graduate assistant to the project were hired. Procedures for bookkeeping and accounting were developed. An annual work plan was prepared with specific tasks and responsibilities. The course content and timing of the program was decided on, as well as staffing in Lodz and the space requirements for the Polish-American Management Center.

During the second quarter (January-March 1995) the activities centered on setting-up and elaborating the mechanics of the program including organizational arrangements and schedules for work. In late January, the overall director of the project (Dr. Lee Preston) and the UMCP project manager (Ms. Ursula Powidzki) spent two weeks in Warsaw, Lodz and in the Czech Republic (Dr. Preston at CMC) meeting with staff of the two Warsaw-based MBA-equivalency programs, USAID representatives, the Rector and senior management faculty at the Lodz University. During the meetings in Lodz, faculty members who would be directly involved with the program were identified. During the months of January and February (1995), interviews for the Polish-American Management Center (PAM) Director were conducted in Poland and in the United States. The new center Director, Mr. Gedeon Werner, previously with the U.S. Department of Labor, was formally hired in the third quarter and assumed his responsibilities in May, 1995.

During the third quarter (April-June) the work continued on the programmatic and organizational development of the program, including:

- C a draft of the Executive MBA program (LEMBA) designed by the UL and UMCP faculty;
- C schedule of faculty exchanges (through spring 1996) and identification of individual faculty members and program content (Management Information Services);
- C selecting faculty and staff (primarily at UL) to prepare case studies and course material for the program;
- C preparing a detailed plan for the graduate management program and setting up the PAM Center; and
- C making private sector contacts for preparing ground for future field projects to be carried out by the program's participants and to ascertain specific interests and needs of these firms for future incorporation in short-term courses and seminars.

At first, the PAM Center was housed in the Management Faculty building while the permanent location of the Center was being negotiated. The Center moved to its permanent location in October. The Center has three rooms, which house its administrative offices, in a building which recently has been renovated. In the near future (fall 1996), an additional two rooms, the remaining rooms on the same wing, will be made available, one for a computer lab for LU students and future graduates of the program, and one for the classroom.

The ribbon cutting ceremony for the PAM Center was held on October 20, 1995 and was attended by 120 people, including USAID officials, the U.S. Representative, Directors of major Polish and multi-national firms based in the Lodz and Warsaw regions, and various international organization representatives. The opening coincided with the Center's first training session, a two-day seminar

on business investment in Polish capital markets. The speakers included the past chairman of the Securities Exchange Commission, prominent investment brokers, and academic experts. Sixteen people attended the seminar [original estimates were higher and it is still not clear, considering the relevance of the topic, why the attendance was lower].

9.2.1 Sustainability

During the site visit in December, the evaluation team met with PAM Center Director, members of the Board of Directors, and faculty members who will participate in the Center's activities and discussed with them strategies for conducting needs assessments for determining topics for future seminars and for planning for the financial and programmatic sustainability of the Center. Although the program is only in its starting stage, the Center's Director is well aware of the issues relevant to sustainability and is actively exploring the various approaches and avenues to achieve this goal. One of his goals is that, in two years, the project will be run entirely by the local staff. For the more immediate future, the Director plans to concentrate on activities which will increase and maintain the visibility of the Center, which he believes will contribute to developing bases for sustainability. These activities include:

- C visibility campaign in local newspapers, including interviews;
- C regular meetings with officials of local government, decision-makers and representatives of the business community;
- C developing links with domestic and foreign companies and banks in the region (as potential customers for training such as Wrangler Jeans;
- C increasing program flexibility by rotating short- and long-term programs; and
- C creating an Advisory Board enlisting participation of representatives from international companies, automotive industry (Polish and U.S.), and leading Polish institutions.

Other strategies referred to by the members of the Board of Directors and the LEMBA Working Group for fostering future sustainability included:

- C selection of broad-minded faculty, committed to retraining and participation in the program;
- C analyzing market niches which the program(s) could fill and possibly developing a specialization (for example, production or health care management);
- C developing a competitive advantage either by concentrating on already existing skills and strengths or determining what these strengths should be;
- C targeting potential student groups and appropriate courses (teaching general management or specialized courses);
- C being aware of one's competitors' offerings and adjusting programs accordingly to maintain competitiveness.

These strategies represent a good start but in order to be effective they need to evolve from the general statements to increasingly more specific proposals and undertakings. This will be something to watch for during the monitoring team's next visit.

9.2.2 Relevance, Attractiveness, and Marketability of an MBA degree

Institutional and financial sustainability of any program is directly linked to the type and level of

services it offers and their relevance (and recognition of this relevance!) to the needs of the potential participants and their employers. As is the case with the other CEE countries, Poland does not have an equivalent to a MBA and the degree does not fit logically into the structure of higher education. Poland's preparations to join the European Community (EC) have placed increasing pressure on the Ministry of Education to introduce a MBA into the educational structure. However this process, which would also require at least some restructuring of the undergraduate education, is very slow. One could then legitimately pose a question of how 'marketable' a MBA degree is in the present Polish environment. Why not settle for a less demanding program? And why chose an American-style MBA?

This question was posed to both former and current students, to faculty members at the different institutions and to Directors of the programs. The scope of responses indicates that, indeed, due to the recognition of the training provided, there is a market for a MBA (type) degree, and particularly for an Executive MBA. It is also important to note that in the present CEE setting, full-time MBA programs, as a rule, target a different student population (younger, preparing for entry-level positions) than do the executive programs. What appears to be a growing demand for MBA-type programs can be attributed to the following factors:

- C both students and employers have become more familiar with the Western system of education than even just a few years ago, and recognize the difference between a MBA-type education and a traditional MA (for example, in economics) offered at Polish universities;
- C transition to market economy has placed numerous demands on firms which could not be met by the existing programs; and
- C foreign or joint-venture firms recognized the needs for retraining (although not always a MBA) and gave preference in hiring employees with additional education; over time, the value of a solid MBA-type training has become apparent and increasingly the type of skills required by the new economic environment are being associated with a MBA.

However, this change in perception and recognition is geographically not uniformly distributed. Not surprisingly, there is higher demand in large urban centers than in the less central regions, particularly where the presence of foreign companies is small or non-existent. Similarly, Polish companies, particularly those medium-sized, are more likely to undervalue MBAs and treat them on par with various types of certificates, than do foreign companies.

Demand for MBA and other short-term programs. Lodz and its region is a large textile center which for the most part is depressed. Revitalization of this region is linked not only with financial investment, foreign or domestic, but also with securing an appropriately trained cadre in all areas of the economy. The immediate demand, particularly for seminars and shorter-type courses, is very high because it would deliver immediate knowledge and skills and not require long absences from the workplace.

9.2.3 Competitors

UL has extensive links with Western schools and universities. The various cooperative agreements number over one hundred. Probably the closest and most extensive connection exists with the University of Lyon, France, a sister-city of Lodz, with whom there are 10 agreements. In connection

to management training, there are two programs operating at UL - a French one and an Austrian. These programs are reported to not present competition to the UMCP project for the following reasons:

- C the U.S. program is the only MBA program in Lodz;
- C the French program concentrates on management consulting and does not offer comprehensive course development or faculty training;
- C the Austrian program offers a very different product³⁴ from the proposed U.S. training;
- C both of these programs require a different language and, therefore, it is rather unlikely that they would compete for faculty or students since few would have a required proficiency in two or three languages;
- C it is not a clear-cut case that management training programs offered at the same institution but sponsored by different countries represent a negative development; considering that the Polish system of higher education is in flux and will undergo some restructuring, having such diverse offering can actually help to develop a well integrated program in the future addressing the diverse needs of European market and Poland's place in it; and
- C in terms of future competition, both the Rector and the faculty members identify it with the University of Warsaw and Warsaw School of Economics; UL wants to position itself as one of the best schools in the country offering management training; they are familiar with the programs in Warsaw and carefully watch their evolution.

9.3 Findings

- C ***Commitment of UL faculty and administration to the program.*** The Rector, Michal Sewerynski, appears to be very supportive of having an American-Polish program at the university and plans to make the university one of the major centers of Polish-American cooperation. According to him, this decision was reached independently of the U.S. funding and were the funding to become withdrawn, he still would continue to develop cooperation with the U.S. At present the management training program is, to use his expression, his "top baby." Similar enthusiasm was expressed by the members of the Board of Directors and the PAM Center's Working Group.

This enthusiasm is definitely encouraging. However, it needs to be transformed into deeds to make the program successful. It appears that there are problems with implementation, or more precisely with follow-up. For example, an agreement would be reached on a given issue at the appropriate administrative level but it would be stalled below. One reason for this could be that there has to be a person from the university who is responsible for and has the institutional authority to enforce implementation. The Director of the Center does not have such an authority.

It also appears that the faculty members who were originally selected to take an active part in the Center's activities do not have the needed time because of other commitments which have developed while waiting for this proposal's approval. Such a situation cannot continue much longer because it will have negative consequences for the success of the program. The

³⁴ Clarification of the differences between this program and the MTEEP will be pursued during the next site visit.

UMCP personnel are well aware of the problem and are taking active measures to correct it. Since the preparation of the new MBA program gained speed, additional faculty members have been invited to join the Board of Directors and/or the LEMBA Working Group and have been actively participating in the Center's activities. This will be an issue which we will watch very closely and it should be resolved by the second site visit in the Fall of 1996.

- C **Space requirements.** In order to operate effectively and continue to attract appropriate participants, the PAM Center has to have adequate space for its computer lab and classrooms. This has been an issue from the very beginning, notwithstanding the overall difficult space situation at the UL. The Center has been promised two additional rooms [and the Rector confirmed it during our conversation] in time for inauguration of the executive program, in the fall of 1996. However, this is not a fast enough solution as the short-term courses and seminars are having to be conducted in a local conference center.

- C **Generating revenue.** Until the LEMBA is fully operational, the major sources of generated income are the short-term courses and seminars which will be offered throughout the year. In addition to generating revenue, these programs should serve an additional function of making the Center better known in the region and creating pool of potential participants for both LEMBA and other customized seminars. Even when the executive program begins, these short-term programs will continue to serve the region because they will be addressing the most pertinent issues. Thus the potential impact on the community (via quick access to skill building programs) could be seen very quickly.

Either the participants themselves or their companies will cover the tuition costs for the LEMBA. Since historically education in communist countries has been free, paying for one's education was a novel idea and it took some adjusting to on the part of the population. However, by now this idea does not seem so strange and may even have the opposite effect of being a draw because it will be perceived as superior to something which is received for free. Even though the employers do not have a tax incentive to cover educational expenses of their employees, they are increasingly willing to do so in order to upgrade qualifications and to retain the most promising and skilled personnel.

- C **Restructuring undergraduate education.** There are two basic issues in restructuring undergraduate education: (1) major changes have to be approved by the Ministry of Education, particularly when they relate to the 'core curricula*' which are required to be taught at all Faculties and (2) the Faculty/Department in question has to make an administrative decision to introduce [and more importantly to require] new courses into the curriculum. This is both a slow and expensive undertaking. Faculty must develop the courses and materials. Often they must be given "trial runs" before the necessary institutional approval process commences, delaying formal implementation anywhere from 6 months to several years. Most likely, the best that can be hoped for is that the faculty who are being trained for the graduate/post-diploma program will introduce new material and teaching methods to their undergraduate classes. To cite just one such example, a professor in the Accounting Department (Prof. Jaruga) who is very well acquainted with Western material and methods has been doing so for several years in her classes.

- C ***Institutional Affiliation.*** The attitude of the host institution or of the particular Faculty within it can make or break the cooperative program. Historically certain Faculties/Departments have been more resistant than others to accepting change. This is particularly true of most of the Economic departments who had been the mainstay of the centrally planned economy and, as a result, were very heavily politicized. The changes brought by the transition to a market economy rendered the knowledge of most of the economics professors basically irrelevant and it is not surprising that they, first of all, would not want to acknowledge this and secondly, would not enthusiastically accept retraining, particularly since in most cases they can not be fired. In this respect the PAM Center and the program are in an advantageous situation because they are affiliated with the Faculty of Management which is much more progressive and open to change. In addition, the Faculty, which prior has been under the jurisdiction of the Faculty of Economics, became an independent unit in September 1994. Therefore, it is better situated to introduce changes in the future.
- C ***Seminar topics.*** The past participants of the seminar offered by the PAM Center expressed satisfaction with its content and delivery and their continuing interest in future participation. They also offered the following suggestions regarding topics for future seminars:
- a. discussing problems relevant to Polish companies, such as finance culture and specifically credibility of data and reporting (critical for risk management and assessment);
 - b. strategic planning - mission, general objectives, execution of strategic plans;
 - c. marketing for various types of companies, and particularly the active approach;
 - d. problems/issues of management at all levels;
 - e. problem solving: groups or seminars addressing a specific issue;
 - f. continuing information on capital markets in Poland, particularly pertaining to regulations;
 - g. operation of stock exchange in general but particularly in Poland - rules, regulations, how to get listed; and
 - h. financial instruments with emphasis on most recent developments, rules and regulations.

9.4 Recommendations

1. Clarify and determine the level of commitment of the UL personnel involved in PAM Center's activities and development. If there are obvious time constraints, then these people should be replaced or someone else designated to assist them.
2. Designate a UL representative responsible for following up and enforcing the various agreements and promises made by the UL officials.
3. Continue to conduct market research on seminar topics of most interest to the business community [see the list of seminar topics above].

4. Indicators for impact and sustainability.

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Graduation rate
	Enrollments reflect equitable gender distribution	Enrollment data
	Target enrollment numbers are reached for entering class	Enrollment data
	Target enrollment numbers are retained through program ³⁵	Enrollment data
Satisfaction	Students positively rate their experience	Student questionnaires and interviews
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants
	Program retains faculty and students	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by PAM staff, to learn why (separate insufficient academic preparation from dissatisfaction)
	Program is responsive to students* and faculty*s needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Student and faculty interviews and questionnaires

³⁵ These numbers may represent fewer than 100% of the entering class as any academic program experiences a small amount of attrition. The evaluation team will consult with PAM to establish an acceptable rate of continuation/attrition.

Impact Level	Indicator	Data Source
Utilization	Program retains faculty and students in degree programs	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by PAM staff, to learn why (separate insufficient academic preparation from dissatisfaction)
	Cross-marketing occurs: students in one type of program either return for additional courses, or refer friends or their employer to other programs at PAM	Quarterly reports Interviews with alumni association members Interviews with employers of current students
	Graduates acquire some benefit from having completed degree program (for example, better paying job)	Tracking and interviewing graduates Questionnaire for graduates
	Short-cycle participants can demonstrate that they have applied course information to their work	Tracking and interviewing past participants Questionnaire for past participants
Change	PAM is seen and used as a resource by employers	Interviews with local employers alumni network members, and local entrepreneurs
	Local govt. & Polish ministry staff are aware of and make use of resources available through students and faculty in PAM	Interviews with ministry staff & local govt.

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Permanent faculty is well trained and its teaching is well received	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Curriculum is approved by the degree-granting institution	Project materials Interviews with Project Director and University Rector
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), students, permanent and visiting faculty
Organizational: All necessary procedures and policies are established and effectively implemented	Executive Supervisory Committee membership has balance of U.S. and Polish representation	Program documents Interviews with Project Director, and permanent and visiting faculty
	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/ Poland staff

Sustainability Level		
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Interviews with U.S. and local Project Directors, USAID/Poland staff, permanent and visiting faculty, and students Enrollment data
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Poland staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Interview with Project Director, local staff
	Increased percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

9.5 University of Minnesota

9.5.1 Warsaw School of Economics (WSE)

The current project builds on a MTEE project started four years ago which, in 1992, established a Polish-American Center for Economics and Management (PACEM) as a center of the project's management training activities. The previous project concentrated on establishing an institutional cooperation and mutual respect and made its first priority to provide a cohort of well trained faculty who could assure the programmatic sustainability of the project. The project also targeted graduating students (because of their imminent entry into the market) as the most in need of relevant economic education. To build broader political support for its activities, the project also concentrated on policy makers at different levels around Warsaw. During the second and the third year, the efforts were directed at developing and publishing case studies, joint Polish-American textbooks, developing new courses and piloting a day MBA program, co-financed by the Mellon Foundation.

Program Type	Grant	Start date	# of students	Graduation date
Full time Day MBA 1	Old grant	Fall 1993	15 women/17 men	Spring 1994
Full time Day MBA 2	Old grant	Fall 1994	11 women/19 men	Spring 1995
WEMBA 1	Current grant	Fall 1995	10 women/29 men	Spring 1997

The objectives of the present program fall under three categories:

1. To develop a cadre of executives and managers with knowledge and skills in management of private enterprises in a market economy by establishing a Warsaw Executive Master's of Business Administration (WEMBA) degree program which will graduate two classes of

- students by the end of 1998 and award 60 MBA degrees.
2. To re-educate and train Polish public administrators, business managers and entrepreneurs in management and economic subjects essential for operating in a market economy; by developing and conducting a series of seminars and conferences addressing relevant issues for Poland's private and public sector policies (28 seminars/conferences are envisioned);
 3. To develop institutional capacities within the partner institution to establish high-quality academic degree programs in management and economics.

The WEMBA program has two primary aims: to provide management education which meets international standards at the post-graduate level, and to upgrade the teaching and training capabilities of the Warsaw School of Economics (WSE) faculty so that it is well positioned to carry out the teaching on its own. The executive MBA program is developed jointly by the WSE faculty and the faculty of the Carlson School of Management and the Humphrey Institute of Public Affairs. This program targets middle management executives at the early to middle stages in their careers, and self-employed business people.

WSE plans to establish a truly international School of Business which will be able to award a MBA degree. For this it needs Ministry of Education approval. The first institutionalization step has been taken with the School's Senate approving the programs and designating them as school-wide. The degree would be granted by the WSE with the endorsement of the University of Minnesota. If WSE's request is granted, it will distinguish their MBA program from other programs offered in the country and ensure its future programmatic and institutional sustainability. The tuition for this program for the 1995-97 edition is \$5500 which is not out of line with what the competitors charge.

In an effort to upgrade their teaching skills, the WSE faculty will be partnered with UMN faculty [seven UMN with fourteen WSE professors]. Many of the Polish faculty already participated in training programs at the UM during the previous USAID/Mellon grant. Over the next two years, the program plans to broaden Polish participation to thirty instructors. During the same time, twenty five UM faculty will come to WSE to assist their colleagues in the teaching of their courses. This collaboration will include joint research projects and developing case studies.

A modern MBA program requires a modern computer facility. As part of this project, PACEM's computer facility will be upgraded for the specific use of WEMBA students. This will enable the WSE to participate in the distance learning center at the Carlson School of Management.

WEMBA Program

The WEMBA programs was officially inaugurated in June, 1995 with admissions exams and an orientation session (June 30-July 2). The classes began on September 23. It is a two-year program divided into three semesters and a three-month long field project. The first semester consists of 12 two-day sessions, the second of 14, and the third of 13. One session consists of 15 hours of class instruction. The course offerings of the program have been adapted to the specific needs of the Polish economy and, in addition to dealing with private sector management practices, also address public sector management issues. Graduating students will receive a postgraduate diploma of the WSE and the MBA Certificate of the University of Minnesota. The first cohort includes 39 students, 10 of

whom are women (25%).

Sustainability. With the Senate's approval of the WEMBA program and the establishment of the position of a MBA Director, institutional sustainability appears to be well in place. From the programmatic point of view, enough faculty have been trained (two for each course) and will continue to be trained to assure smooth running of the program. The attractiveness of this program is further enhanced by the reputation of WSE - before W.W. II it was one of the most prestigious schools in the country and although the period of communist rule did tarnish this image, the school never stopped being one of the premier teaching and educational institutions in the area. In 1991, a comprehensive restructuring of the economics and business curricula to make them relevant to the needs of the rapidly changing market took place. In addition to undergraduate degrees the school awards a graduate 'Magister' degree in economics, quantitative methods and information systems.

From the stand point of finances the program appears to be on the right track and, if the first cohort is any indication, should have no difficulty attracting participants. Almost all of the participants come from major foreign and domestic companies.

Competitors. It appears that the most serious competition could come from two other MBA programs, one at the International Post-graduate Management Center at the University of Warsaw which is run in cooperation with the University of Illinois. The program confers two degrees - a Masters in Management and Marketing from the University of Warsaw and a MBA Certificate from University of Illinois. The second program is a privately owned and operated International Business School (IBS) which awards a MBA-type certificate. Both programs are very well regarded by the business and academic community. As a matter of fact, IBS employs on a part-time basis several faculty from WSE who have been trained under the past and present grant (retaining faculty will be discussed below).

There are also management training programs at WSE run by other countries, particularly by the French and Canadians. These programs started in 1990-91 and were primarily designed to provide Polish employees for French and Canadian companies operating in Poland who would be familiar with their business environment and practices. In terms of competing for faculty and student, these programs should be divided along language lines. In other words, into English and non-English speaking. Few faculty are fluent in two or three languages to work with both programs. As for students, the choice of the program will depend on the students' area of concentration (U.S. vs. Europe).

Executive Management Workshops

These two and three day workshops are designed to upgrade and update professional knowledge and skills of business executives. Three or four executive workshops are planned for each year. Some of these workshops, particularly in the last two years, will be devoted to follow-up activities including discussions of lessons learned. The workshops will be held in regions of eastern Poland where they are most needed and each will be organized and sponsored by either PACEM or by the Polish-American Center for Agricultural Marketing and Agribusiness Management (PACAMAM) in Olsztyn. The workshops will be taught by the newly trained MBA faculty from WSE or University

of Agriculture and Technology (UAT) in Olsztyn and involve American faculty and expert practitioners. Cooperating universities in Bialystok, Lublin and Rzeszow will also collaborate on these projects.

Economic and Public Sector Seminars and Roundtable Conferences

These programs were introduced in 1993 and targeted policy-makers and practitioners in and outside of government who play an important role in the transition to a market economy and in the decentralization process of local governance. During the present grant period, three to four seminars or conferences will be held each year. These meetings will be held outside Warsaw to make them more accessible to the participants. Like the Executive Management Workshops, these activities will be organized by PACEM in collaboration with the Center in Olsztyn or with associated universities in Bialystok, Lublin and Rzeszow.

Sustainability and impact for workshops, seminars and conferences. The above activities appear to be both in high demand and able to generate income. Assuming the continuation of the high quality of services delivered so far, their future sustainability will, to a large extent, depend on the continuing demand for such services. These programs contribute to the re-education of the most important members, from the standpoint of economic transition, of the business community and local governments and to establishing a more conducive political and economic culture for a democratic society and market economy.

9.5.2 Findings

C ***Day MBA Program.*** This program was co-funded by USAID and Mellon Foundation and designed to serve as a Pilot Project for the executive MBA program. Technically speaking, continuation of this program is not part of the present grant, however it raises some issues which could prove instructive for other programs. The decision to start a day-time MBA program opened to full-time students, was primarily driven by the belief that the Executive MBA program would attract a more demanding and lucrative audience and needed this day program as a pilot program to insure a flawless start up. The reputation of the program would be built on the satisfaction of the first cohort (the first cohort represents major Polish and foreign companies).

The day MBA program has graduated two classes. It provided a big challenge to the students enrolled in it because the course work load overlapped with their regular studies at WSE. Despite these difficulties, both the professors and the students expressed satisfaction with the program. The students were not only bright but were dedicated and determined to succeed. Since the program was offered to them free of charge, it presented an opportunity to receive a top quality western education.

Although the WSE officials involved with the day program say that they are interested in continuing the program, no recruitment for the third cohort has been conducted. They may do so in the fall, 1996, to coincide with the second executive program cohort. There are financial and institutional reasons for why they may not continue what has by all descriptions

been a successful program (discussed below).

- C ***Institutional Limits.*** As already discussed earlier, the MBA degree is not officially recognized by the Ministry of Education and does not fit into the present structure of full time study at institutions of higher education. This raises the question of eligibility for admission into the program. At the moment, day MBA students have to be enrolled in one of the other graduate MA programs offered at the WSE and fulfill all of the requirements of that program. In effect, a MBA degree functions as a double major and drastically increases an already heavy workload. Such an arrangement does not appear to be feasible for the long run. The obvious solution to this problem would be official recognition and certification of the MBA degree by the Ministry.
- C ***Financial Limits.*** The basic issue here is whether a day MBA program should be free of charge as are other graduate programs. The universities are prohibited by law to charge for full time education. However, they may charge for courses and programs offered in the evenings. From this perspective, offering a day MBA program represents a considerable loss of revenue for the school. In addition, faculty who teach evening/executive courses receive additional remuneration and this would not be the case if they taught the same courses to full time students. Further, because the MBA program is not officially incorporated into a full time curriculum, teaching in the day program does not count towards the faculty member's teaching obligations. Faculty salaries would need to be drastically increased (unlikely) and/or teaching requirements decreased (which would negatively impact other programs), for teaching in the day program, or else faculty would still face a high opportunity cost of lost income, because they can make four to five times their teaching salaries through consulting.
- C ***Participation of Women.*** The day MBA program offers interesting insights into the attractiveness of this type of education to women in Poland. The percentage of women enrolled in the two day programs was 47 and 37 respectively. These figures reflect the high interest of college-aged women in this type of education. By contrast, the first executive MBA class has 25 percent women. This lower figure should not automatically be interpreted as reflecting a significantly lower interest on the part of these slightly older women, but rather the professional and cultural screening processes at work. This first class has attracted women who are already in positions of responsibility and as such they represent a smaller percentage of the female population. It will be instructive to watch the female enrollment figures for the subsequent cohorts.
- C ***Impact.***
Education structure and curricula. The grant has contributed to important changes in the WSE curricula to reflect the changing needs of the market economy, provided well trained faculty, and introduced a previously non-existent program to the educational system of the country. All of these developments will continue to have a long-term impact on the country's educational potential and by extension, its economic development.
Economy and business community. The program targets those who are already in positions of some responsibility and, therefore, are some of the most effective agents of change in their

respective firms, and more generally in the business community. Securing a “critical mass” of properly trained economic and management professionals is an essential component for maintaining an efficiently working market economy. This “critical mass” could consist of one highly placed and influential member of government, or a handful of CEOs of larger firms or a majority of the managers of small businesses.

9.5.3 Recommendations

1. The computer facilities currently provide Word 2.0, which is not sufficient for running an effective MBA program, including the distance learning work they would like to do with UMN, and needs to be upgraded as soon as possible. The computer center's Director is very aware of this need and is looking into an agreement with IBM or Digital to supply the necessary improvements. Modernizing the facilities will further enhance the WEMBA program's ability to attract students.
2. Given the increasing influence of the former communist party in the government, it is imperative that the MTEE project aggressively reach out to the government for potential students. This effort could include creating special programs or seminars or finding incentives for a Ministry to sponsor the participation of some of its employees in short seminars, or ideally (but unlikely) in the WEMBA program.
3. Indicators for the two UMN programs are listed after discussion of the program at Olsztyn.

9.5.4 University of Agriculture and Technology in Olsztyn (OUAT)

The current program builds on a MTEE project started four years ago during which a Polish-American Center for Agricultural Marketing and Agribusiness Management (PACAMAM) was established in 1993. The Center has at its disposal a number of classrooms and meeting rooms, a library, a microcomputer laboratory, audio and video equipment, and offices which are used for MTEE training activities.

The UMN/OUAT program has the same objectives as the UMN/WSE (see above). To achieve these objectives the program has targeted the following outcomes:

1. Establish an Executive Master's of Rural Industries Management (EMRIM) degree program at OUAT which will graduate two cohorts by the end of 1988 and award approximately 60 EMRIM degrees.
2. Continue development of post-diploma certificate programs in agricultural and rural marketing and agribusiness management, offering four one-year programs with certification of at least 120 students.
3. Develop and conduct seminars and round-table conferences (jointly with PACEM)

Program Type	Grant	Start Date	# of Participants
Post-Diploma Certificate 1	Previous grant	Fall 1993	
Post-Diploma Certificate 2	Previous grant	Fall 1994	
Post-Diploma Certificate 3	Current	Fall 1995	12 women/21 men

Program Type	Grant	Start Date	# of Participants
WEMBA (EMRIM) 1	Current	Fall 1995	6 women/21 men
Short workshops/seminars	Current		n/a

EMRIM Program

The EMRIM program is targeted at the specific needs of the current and future executives, managers and entrepreneurs working in rural and agricultural industries. The curriculum is primarily oriented toward small to medium size enterprises operating within a rural economy. EMRIM has significant overlaps with WEMBA in Warsaw and will utilize the same American faculty and some of the WSE faculty to implement its training. This will not only significantly decrease the cost of travel for the U.S. faculty but greatly contribute to establishing closer collaborative links between the two institutions, which has not been the case in the past. The program targets top and middle management executives, entrepreneurs, persons working in the service sector and administrators. In addition to student training and faculty development, the program will also concentrate on developing case studies and related management course material, and joint textbooks. In the future, the OUAT plans to adjust the EMRIM degree to the requirements of regular day programs and use exclusively OUAT faculty.

The program was inaugurated in October, 1995 with the first cohort of 27, six of whom are women. The graduates will receive a MS diploma in managing and marketing from Olsztyn University of Agriculture and Technology and a Certificate from the University of Minnesota. The program is taught in Polish and the lectures delivered by the American faculty are translated. The program is organized into four-day sessions (Thursday through Sunday), five sessions during semesters I and II, and six sessions in semesters III and IV. Six of the OUAT faculty already had training at UM. The cost for the program is \$1200 but can be adjusted for semesters three and four to account for inflation. The fee level represents a considerable expense taking into account the economic conditions of the region.

Sustainability. The OUAT is one of the leading agricultural universities in Poland located in the northeastern region, which is primarily agricultural and remains one of the least developed and one the most depressed regions in the country. The university plays a critical role in promoting development in the region which spans over six voivodships. This role can become further enhanced by developing and implementing the programs proposed in this grant. Like the WSE, the OUAT embarked on a significant curricula reform in 1991. This reform was directly influenced by the collaboration with the UM under the earlier MTEE program. The Rector, Andrzej Hopfer, is one of the driving forces behind the university's restructuring and is very supportive of the EMRIM program.

EMRIM is offered through PACAMAM which is academically independent although it is incorporated into the recently established College of Management (fall, 1995). It is worthy to note that OUAT is the only institution out of nine agricultural universities in Poland which has established such a college. Institutionally, therefore, both the Center and the program appear to be well placed and secure. The newly established Board of Advisors for the Center, which includes the Rector and the Dean of the College of Management, further strengthens the Center's position.

At present, prospects for achieving financial sustainability look promising if one considers the high demand for this type of training. However, at this point it is unclear whether tuition alone will be sufficient to cover the various expenses connected with implementing the program. The deficit will have to be compensated by income from other sources, most probably from fundraising activities. The climate for such activities in Poland is not very receptive because the existing tax structure does not provide incentives for companies to engage in gift giving. The reluctance to contribute without this incentive is likely to be even greater in this region which is economically depressed. On the other hand, the Center could become quite successful in securing a pool of donors from former participants. In any case, this issue will remain one of the main challenges for the Center. The Center could also offer other services which would not be too costly to provide but which would generate income. For example, based on an agreement with the British Council, the Center is responsible for organizing three English language exams - First Certificate in English, Certificate in Advanced English and Proficiency in English. Another example would be to use the Center's facilities for Open Ecological Education programs which both increase the Center's visibility and promote a better understanding of the inter-relationship between the economy and ecology.

Post-Diploma Certificate Programs in Rural and Agricultural Marketing and Agribusiness Management

This is a one year academic program with emphasis on 'applied' management and economic education. This program, presently in its third cycle, was developed under the previous MTEE project and the first class graduated in June, 1994. The purpose of the program is to provide comprehensive, short courses for managers of private and state farms and cooperatives, executives of small businesses, farmers, and former employees of state enterprises - people who may not have the time and/or an academic standing necessary for a graduate program. The program is jointly designed and delivered by OUAT, the WSE and UM and is structured to increase the participation of the Polish faculty with each successive year. The 1995/96 cohort numbers 33, 12 of whom are women (36%).

Sustainability. The interest in the program remains very strong despite a relatively high fee (\$700 which equals to a two-months* salary in the region). This price does not reflect the full cost of the program, particularly when taking into account the cost for American faculty. However, this cost will decrease as future training will be delivered by Polish faculty.

9.5.5 Findings

C ***Women.*** For the academic year 1995/96, women represented 36 percent of students enrolled in the Post-Diploma Studies Certificate Program and 22 percent of those enrolled in EMRIM. At this point it is difficult to draw any meaningful conclusions because the data is very limited. Given the economic characteristics of the region, these percentages look impressive and indicate both an interest among women for this type of training and a financial ability to pursue it.

C ***Impact.*** The numerous activities carried out under the previous and present grants had

important consequences for restructuring education at OUAT and at other institutions in the region:

1. Economic and management curricula at the OUAT was restructured.
2. New standards for education and methods of working with students were introduced.
3. A College of Management was established and an executive MBA program introduced.
4. Curricular changes at OUAT inspired similar changes at other institutions (during the National Association Meeting of Deans of Colleges of Management, OUAT's curriculum was very favorably received and may be adopted, at least in part, by other schools).
5. A local high school curriculum for economics has been redesigned. A high school teacher in charge of economic training, and a former participant of the post-diploma program, carried her experiences directly to her classroom, introducing a new and innovative curriculum. The program was accepted by the School Program Committee. The new curriculum was presented at the regional methodology conference for teachers of economics and trade (November 21, 1995), and was so well received that it was forwarded to the Regional Education Board. It will also go to the Ministry of Education and, if approved, will become a national standard for high school education.
6. Regional and national prestige of OUAT has increased, making it a more desirable place to study for the local students as well as for applicants from other parts of the country (Competition for admission to the College of Management was 9 applicants per place).
7. Perceptions by students of the abilities of Polish faculty changed positively, leading to more general changes in the overall perceptions of and attitudes toward education at the University.
8. There has been a cross-marketing effect between the post-diploma program and other OUAT programs. One participant (who runs the eighth largest Polish company in terms of volume of sales), after completing the post-diploma program, was sufficiently impressed with the quality of the program and the relevance of the information, that he enrolled his son in the College of Management.
9. Better understanding of the requirements of the market economy was introduced through the local business community and local government officials (over 3,000 individuals received training):
 - a. one representative of a firm which produces juices, the Olsztyn branch of the firm (20 in all) is second in terms of sales;
 - b. as a result of the program, a director of a private company (listed on the Polish stock exchange) introduced various marketing approaches in a promotional campaign for his company.

C ***Offering scholarships.*** During the first session of the post-diploma program, the Center offered scholarships to the three best students (their tuition was refunded). This method was abandoned when it appeared to lead to unhealthy competition and divisions among the students. During the second session, no scholarships were offered because there was no agreement on the criteria for making the awards -- need or merit or a combination of both.

The problem is not so much what type of scholarship to offer (both types could be offered), but rather how to adequately determine need when income reporting requirements are not followed by the majority of the population. However, the idea of offering scholarships is supported by the Center and will be pursued in the future.

C ***Strategic planning and generating resources.*** Promoting visibility of the Center is critical for successful fundraising. The plans to achieve this include:

1. an advertising campaign targeting former and potential participants about on-going events;
2. offering courses and seminars on commodity marketing and futures which is of particular interest for this region because of its present and future trade with NIS; and
3. becoming a regional center (including Belarus, Lithuania, Ukraine and possibly Russia) for agricultural management education (third country training).

9.5.6 Recommendations

1. This is an unusual institution in that it is the first agricultural and technological university to create a College of Management. USAID may want to take specific advantage of the program by permitting NIS participants to train here (a delegation from Belarus was in Olsztyn at the time of the site visit, and they were very interested in pursuing this possibility).
2. With respect to developing financial independence from this grant, UMN should assist OUAT in the cultivation of its alumni/ae for program promotion, cross marketing and fund raising purposes (and perhaps establishing scholarships).
3. Given the depressed nature of the region, it is imperative that the program develop some financial aid mechanisms. These could be in the form of set-asides for targeted populations (women, for example), and some packaging of aid to include work in the administration of the program in exchange for tuition and a stipend (to protect against “freeloaders”).
4. Indicators for impact and sustainability.

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Graduation rate
	Enrollments reflect equitable gender distribution	Enrollment data
	Target enrollment numbers are reached for entering class	Enrollment data
	Target enrollment numbers are retained through program ³⁶	Enrollment data
Satisfaction	Students positively rate their experience	Student questionnaires and interviews

³⁶ These numbers may represent fewer than 100% of the entering class as any academic program experiences a small amount of attrition. The evaluation team will consult with U. Minn to establish an acceptable rate of continuation/attrition.

Impact Level	Indicator	Data Source
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants
	Program retains faculty and students	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by WSE staff, to learn why (separate insufficient academic preparation from dissatisfaction)
Utilization	Cross-marketing occurs: students in one type of program either return for additional courses, or refer friends or their employer to other programs at WSE/OUAT	Quarterly reports Interviews with alumni association members Interviews with employers of current students
	Program is responsive to students* and faculty*s needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Student and faculty interviews and questionnaires
	Graduates acquire some benefit from having completed degree program (for example, better paying job)	Tracking and interviewing graduates Questionnaire for graduates
	Short-cycle participants can demonstrate that they have applied course information to their work	Tracking and interviewing past participants Questionnaire for past participants
Change	WSE/MBA, OUAT/MBA seen and used as a resource by employers	Interviews with local employers alumni network members, and local entrepreneurs
	Polish ministry staff & local gov'ts are aware of and make use of resources available through students and faculty in PACEM/PACAMAM	Interviews with ministry staff & local govt.
Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Permanent faculty is well trained and its teaching is well received	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Curriculum is approved by the degree-granting institution	Project materials Interviews with Project Director and University Rector

Sustainability Level		
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), students, permanent and visiting faculty
Organizational: All necessary procedures and policies are established and effectively implemented	Executive Supervisory Committee membership has balance of U.S. and Polish representation	Program documents Interviews with Project Director, and permanent and visiting faculty
	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/ Poland staff
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Interviews with U.S. and local Project Directors, USAID/Poland staff, permanent and visiting faculty, and students Enrollment data
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Poland staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

9.6 Central Connecticut State University (CCSU)

Central Connecticut State University has a one year grant (completion due in October, 1996) through USAID/Poland to establish a self-sustaining Comprehensive Business Management Program (CBMP) at the University of Gdansk (UG). This project is designed to replicate the Institute for Business Studies established by CCSU at the Technical University of Wroclaw (TUWr). This goal will be achieved by utilizing a train-the-trainers approach successfully used in the CCSU/TUWr program. Ten UG faculty members and ten faculty members from other universities (Technical University of Kszalin, Higher College of Pedagogy in Slupsk, and Merchant Marine Academy in Gdynia) will participate in training. The ten UG faculty will be expected to carry the training and conduct the programs for fees on their own as of October, 1996. The other faculty will be expected to incorporate this information into the programs on their respective campuses. Additionally, twenty participants will come from the business community, different levels of government, and opinion leaders from northern and eastern Poland. This last group, it is hoped, will utilize their experiences in a wider context of economic transformation in Poland.

The training is organized into nine monthly sessions conducted by a team of CCSU and TUWr instructors. Each session will devote sixteen hours to training the trainers and thirty two hours to

mastering content.

The opening ceremony for the CBMP was held on October 27, 1995, and the first session on October 30.

After some discussion with the Project Director and USAID, the evaluation team determined that the most effective time for the site visit is spring, 1996. Therefore, the evaluation team is withholding comments on the effectiveness of the program in meeting its goals until that time. Indicators of performance will be finalized during this visit and will be based on other MTEEP program components with a similar focus.

Program Type	Start Date	# of Participants
Training trainers (& others)	10/95	40 (56%-57%F)

Chapter 10 Romania

10.0 Country Background Information

Privatization has, by the government's own admission, been the weakest part of Romania's reform performance. As was indicated by a report published in August, 1994, a number of initiatives were underway to invigorate these efforts. The State Ownership Fund (SOF) and the Private Ownership Funds (POF) planned a series of public offers in that year. Almost all of the 450 small companies sold under the existing privatization schemes had been privatized through management-employee buy-outs (MEBOs). One option under consideration then was that the public would be allowed to buy shares in enterprise using the Certificates of Ownership (COs) issued in 1991 to represent the public's 30% share in the 6,300 companies selected for privatization.³⁷

Based on input from the USAID/Romania Private Sector Officer Kermit Moh, the status in December, 1995 was that there have been over 1,400 MEBOs. With these buy-outs, however, the same management has often been kept; at the same time the firms do not have enough capital and their access to the state budget has been cut. The result has been a high number of bankruptcies. In addition, there are about 3,900 firms that are part of the mass privatization effort through the voucher system (COs). This system was scheduled to end December 31, 1995.

Some progress in the area of privatization has therefore been made in the last several years, after a slow start; and a significant effort remains.

A number of reforms linked to the push in privatization were part of the International Monetary Fund-backed program adopted in mid-1994. At that time there was significant concern about the impact of these programs on the Romanian public. In 1993, the share of the family budget devoted to food expenditures increased to 56.6 %. Over 50 % of the population were said to live below the poverty line. The restructuring of the country's heavy industries was expected to exceed the capacity of the newly evolving private sector to absorb labor. Unemployment was expected to reach 15 % by the end of 1995.³⁸

There are many constraints in Romania for small business development. USAID summarized some of the most prominent constraints as:

- C lack of credit for small business (most commonly stated concern);
- C lack of sales and marketing expertise;
- C insufficient product development experience in a fast changing market; and
- C scarcity of foreign capital because of their financial B rating.³⁹

³⁷ August 1994, *Romania's Economy in Transition*, V.G. Baleanu, Conflict Studies Research Centre, The Royal Military Academy Sandhurst, Camberley, Surrey, UK.

³⁸ Ibid.

³⁹ USAID noted that the advance of Czech Rep is due in large part to moving from a rating of B to A.

10.1 USAID Office

The USAID strategy in Romania follows that of the SEED Act. Through fiscal year (FY) 1993, funding had been channeled through at least 85 identifiable activities. In FY 1995, this was to be narrowed to 63 activities with a budget of \$40 million. For FY 1996, the budget is expected to be around \$20-25 million, with the portfolio of assistance comprising only 40-50 projects by FY 1997. USAID program areas include agriculture, democracy and governance, quality of life, municipal development, as well as economic re-structuring. Full staffing is expected to be 6 U.S. direct hires out of a staff of 30. Currently there are 4 U.S. direct hires in a staff of fewer than 25. Kermit Moh is the Private Sector Officer, and Dan Anghel is his assistant.

USAID strategic assistance area of economic restructuring includes a program objective to stimulate the development of private sector enterprises. In the summary, of the 1994-1996 Country Strategy, one indicator was identified: Increase quality and/or reduced production costs at firms that have received U.S. assistance. More specifically, 100 USAID-assisted companies are to have increased annual sales between December, 1994 and December, 1995.

USAID activities in this area include a \$15 million Capital Markets program running from October, 1995 through April, 1996. Currently, this is the largest program in the mission. Other business development outreach activities include two pilot projects that are just starting: Aid to Artisans and World Council of Credit Unions (WOCCU) (grass roots savings mobilization through retail distributors like Coca Cola or Proctor & Gamble (P&G) rather than non-governmental organizations - NGOs). The mission has a link with Peace Corps which has placed a number of business volunteers in the country. The Citizens Democracy Corps is represented in Romania. A program through the International Executive Service Corps (IESC) has been canceled as being duplicative with other efforts. In addition, there is a private, \$50 million Romanian-American Enterprise Fund, started in October, 1994, which started issuing loans in May, 1995.

While the Washington State University (WSU) program ties into 1) the broad assistance package to small business, and 2) training to privatizing companies, linking into World Bank efforts, USAID provides a very small part of the overall support to business development centers in Romania. The United Nations Industrial Development Organization (UNIDO) program comprised of 6-7 centers is considered the strongest. They are said to have full time staff and significant funding. The CRIMM foundation is an investment assistance program with 27 centers; the WSU-supported Centers for Business Excellence (CBEs) have counseled clients who have gotten CRIMM financing; the CBE at the Polytechnic University of Bucharest (PUB) has also trained counselors for them. The European Union Poland and Hungary Assistance for Economic Restructuring (PHARE) program and the European Bank for Reconstruction and Development (EBRD) have programs in Romania.

The EU-PHARE program is currently evaluating all business development center activities through the Romanian Development Agency over the next 3-6 months. Four evaluators, working through the British firm, Lancashire Associates, will be gathering information on the strengths of various programs (including the CBEs) and share results. The two Romanian evaluators on the team know the WSU program.

10.2 Washington State University

While WSU has been working in Romania since 1991, the WSU project is a continuation of a grant started in September, 1993, and modified in September, 1994. The modification was made to: 1) extend the estimated completion date from September 30, 1994 to September 30, 1998; and 2) to increase the total estimated cost to USAID from \$1,000,000 to \$3,999,888 out of a total estimated program cost of \$6,074,064. Obligated funds from USAID with that modification totaled \$2,778,964, which was anticipated to be sufficient through September, 1996.

The purpose of the program is to assist the Polytechnic University of Bucharest (PUB) and its cooperating institutions in Romania to implement, institutionalize, expand and develop new programs in the areas of business management and business counseling training, market economics education and related support programs.

The U.S.-based Project Director is Robert Tolar, Director of the WSU Small Business Development Center Office of International Programs. He has been associated with the project since the development of the initial proposal. The rest of the staff is relatively new to the project. Brett Rogers is the Romania-based Chief of Party who started work in February, 1995. Jim Marten was Director of Training, a position he held for about one year; his position ended in Romania in December, 1995. Shannon Alexander, Business Development Specialist, began in June, 1995; and Yvonne Rudman, Public Administration Liaison, is scheduled to begin in January, 1996.

Program Type	Dates	# of Clients	Contact Hours	% Female
Management Education	July-Sep 1995	496	1129	26%
	Oct-Dec 1995	288	1032	26%
Consultation	July-Sep 1995	794	1161	26%
	Oct-Dec 1995	986	1454	23%
Total		2564	4776	25.3%

The WSU program has four primary components:

1. Small and medium enterprise (SME) counseling and counselor training, and the training of Professional Business Counselors (PBCs) and Master Business Counselors (MBCs) through a "certificate program" for local faculty at partner institutions who combine university teaching responsibilities with counseling responsibilities. This is being handled through the establishment of four business counseling centers (called CBEs - Centers for Business Excellence) at:
 - C Polytechnic University of Bucharest - CBE/PUB (this is the major focus for WSU efforts)
 - C Academy of Economic Sciences in Bucharest - CBE/AES

- C Chamber of Commerce in Timisoara, with support of a university there - CBE/Timisoara
 - C University at Craiova - CBE/Craiova;
- 2. Management training for selected personnel in companies that are being privatized. This is being handled through what is evolving into a two phase program currently managed by WSU:
 - C Management Training for Privatization I (MTP I), a standardized program of training and technical assistance for approximately 5 business organizations per program. There has been initial involvement of Romanian counseling staff and other experts in its implementation; and
 - C MTP II, currently a pilot effort of intensive internal consultation in one business organization.
- 3. Piloting the development and implementation of an Office of Human Resource Management at CBE/PUB to include a placement office for students at PUB, AES and some individual clients. This is scheduled to be a major effort during 1996.
- 4. Providing access to and distribution of technological information in support of business counseling and management training through an e-mail network connecting the four CBEs.

Several factors were raised which may impact project implementation. These include:

- C the context in which each center finds itself in relation to its host institution -- the degree of independence in its operations, support received (in-kind and financial), as well as influence it has;
- C the capacity of the grantee to implement each component. This is especially critical in assessing the relationship and priority between the CBEs and MPT programs;
- C the "value-added" role that the CBEs, individually and/or collectively, play vis-à-vis the other business development center activities in the country (the current Lancashire evaluation should be helpful in this regard); and
- C the Romanian economic environment, availability of credit and foreign capital for small business, and the support of government for SME activities.

10.2.1 Current Status of Work

USAID conducted a project review in early September, 1995. Their findings, which where output focused, led them to suggest impact indicators for future reporting. The evaluation team's observations regarding the project status, by component, paralleled those of USAID, and may be summarized as follows.

SME Counseling and Counselor Training.

Programs target firms with under 50 employees. 4,053 counseling hours have been completed by the centers for SMEs, as of August 31, 1995. Nine counselors were certified (5-PBCs; 4- MBCs).

The staff has documented curriculum in English and Romanian for PBC program and is looking to redesign MBC program through one of the Romanian MBCs at CBE/PUB and offer the revised version in 1996.

There are 16 counselors-in-training (11-PBCs; 5-MBCs) in progress.

- C *Polytechnic in Bucharest.* CBE/PUB has three PBCs and three MBCs on a professional staff of nine. It receives the majority of funding and staff attention from WSU. It offers three types of services:
- counseling (donor projects that finance SMEs provide clients who are often trying to write business plans for financing);
 - seminars to SMEs; and
 - contract services to other groups (in 1995, the Center had secured 15 million lei in contracts - \$6,500; for 1996, 200 million lei has been secured in contracts to date - \$87,000).

It is estimated that 50% of their clients have some level of English; most need help in finding financing or understanding their "real" problems.

- C *Academy of Economic Studies, Bucharest.* CBE/AES has nine part and full time counselors (equivalent to 2-3 full time people); five are PBCs and the others are in training as PBCs. The Center will recruit three more people next year. Services offered are counseling and seminars.

They have a business plan which is prepared annually, along with a budget. Financial support from WSU will continue through 1996 with an expected sum of \$9,000 out of a budget of \$10,500; WSU has also provided counselor training and information on general CBE operations. The remaining funding comes primarily from training seminar fees (\$2/person/seminar - \$1,300); a small amount is from a processing fee charged for new clients (under \$1/client). Counselor compensation is based on results such as: number of clients served; number of continuing clients; results for clients - such as securing loans; and seminar evaluations.

They have had ongoing support from the Peace Corps, with an agreement signed for the period September, 1993 through 1995. This arrangement, which includes the services of one volunteer in exchange for housing, is expected to be continued.

Almost 50% of their client base are continuing clients (over 20 since startup). Almost 80% have under ten employees and the corresponding lack of resources and relations with "external environment". Counselors spend "98% of their time" identifying real client problem. The focus of most of their work is on business plan/feasibility study development to help clients apply for a grant or loan.

- C *At the University in Craiova.* CBE/Craiova is the youngest center and also has the youngest counselors who have a heavy teaching load (30-40 classroom hours/week). (not visited)

C *At the Chamber of Commerce in Timisoara.* CBE/Timisoara is run out of the Chamber of Commerce and is said to be the most similar to the U.S. model. As with the other centers, the counselors are faculty from a local university. (not visited)

WSU staff are not doing client counseling themselves; PBCs and MBCs handle this activity. WSU staff can be involved in helping to establish training/seminar programs. Sustainability issues are being addressed through the CBE Network activities established in 1995. A WSU on-site staff person will be working with the centers on these issues in 1996. Sustainability plans are due to the WSU staff from each center by April 30, 1996.

The WSU Third Quarter 1995 Report of activities showed the degree to which current efforts are focusing on the sustainability of the Centers and their services. During this period, the first CBE Network Planning meeting was held. Significant effort was placed on relationship building of each center with municipal and public organizations to build the reputation of the centers with these entities for possible future support. Much work was placed in strengthening the quality of the PBC program by adding competency exams in technical knowledge, counseling skills, and counselor self evaluation and improvement methods. Documentation of training segments was initiated. Finally, work to improve the infrastructure of the CBEs - creation of promotional materials, office procedures, etc. - was completed.

Management Training for Privatization (MTP) I, II

The training targets firms soon to be or just privatized, with under 500 employees, and with demonstrated actions to improve. The program objective, as revised, is to increase skills and knowledge in teamwork/communications, process improvement, and customer research. The program output, as revised is: to have improvement project proposal presented to class that costs nothing to implement, improves the company's ability to meet customer needs; and to have team able to replicate process to develop future improvement projects.

The chief executive and two to three senior staff from each organization participate in this program. Twelve firms participated in the pilot MTP I effort from November, 1993-April, 1994, from Timisoara and Bucharest. The program evaluation led to significant revision of the program approach to increase its relevance for the participants.

Ten firms participated in the revised MTP I effort from April-June, 1995, from Timisoara and Brasov. A follow up assessment noted that only 1 firm had implemented its improvement project developed during MTP I. Some others were using the teamwork experience and learning about understanding customer needs. Only one firm could define how it could use focused consultant support over a 2-3 month period (MTP II).

Five firms are in the third MTP I effort from October-December 95, all from Bucharest. In the pilot MTP II effort, one firm is from Brasov. WSU has committed to work with them through January, 1996. The intent is to hand off companies completing MTP II to another organization like Citizen Democracy Corps, which can put additional consultant support within the company to work on other

improvement efforts.

The current MTP I effort in Bucharest has involved both Romanians and external experts in training and counseling support. MTP II has been done by WSU staff (including the two "MBA" interns).

While not discussed during the visit, the WSU project proposal includes the development of an undergraduate program at PUB as part of this component. The PUB Management Department staff indicated that this was going forward.

Office of Human Resource Management (at CBE/PUB)

This component is to be major focus in 1996. There is a room furnished at CBE/PUB. One of the on-site WSU staff is to work on this. WSU stated that PUB is very interested in this center, and that the Rector was interested in comparing the model to be implemented here versus other competing European models.

Information Resource Distribution

WSU stated that the infrastructure in Romania is not adequate to establish e-mail linkages as planned. Access to current Internet linkages is being guarded carefully by the Universities. This will impact this component as e-mail linkage was a base assumption for other accomplishments.

WSU Program Management

The U.S.-based Project Director has been a constant throughout, since project design. The two center directors interviewed both gave strong positive marks to the quality of the current WSU staff and support, throughout. Both also noted the need for external staff to be present in Romania for a sufficient length of time to maximize their benefit, in part by understanding the context within which they are working.

10.3 Findings

- C USAID recommended several indicators to measure impact. For CBE sustainability, USAID indicated that benchmarks were to be established for each center. These were transmitted to and agreed to by WSU in September, 1995. WSU will report against these on a twice a year basis.
- C During the course of the site visit, seven current and past clients of the two CBEs in Bucharest were interviewed. Two of the four clients of the CBE/PUB were female, as were two of the three CBE/AES clients.
- C Three CBE/PUB clients came to the Center during their startups; two for business plan development, as did the fourth firm. Two of the firms have moved beyond startup (one started in 1991, the other in 1992 - woman-owned) and employ others in the manufacture of furniture and provision of protective work uniforms. The other two are 1995 startups and are not really operating yet.

- C Of the three CBE/ASE clients, one is a 1995 startup firm (woman-owned); the other two started in 1992. The two older firms used the ASE Center for business plan development and/or secretarial/administrative services. Both have matured. The retail enterprise has two outlets; the other manufactures clothing and employs approximately 50 people. The new firm is using the center as an administrative base.
- C As noted in discussions with staff and through review of the questionnaires completed, impact is often determined by whether the client obtains funding, per the business plan developed with support of a counselor (e.g., whether the client's business becomes operational). WSU and the centers are beginning to gather sales data for client businesses which will be reported in the future.
- C Discussions with the WSU staff and two CBE directors, as well as their responses to the M&E questionnaires. A review of these responses indicates that the CBEs as a group are currently:
- a. weak in promotions,
 - b. weak in evaluation of activities, and
 - c. exhibit some weakness in training/seminar activities.
- Each also has certain strengths:
- a. PUB: facilities and training contracts
 - b. ASE: seminars
 - c. Timisoara: public relations
 - d. Craiova: internal administration
- C The development of sustainability plans, due by 30 April, will provide a consistent base for further assessment of the centers.
- C Interestingly, neither of the centers interviewed has terminated a relationship with a client. The ability/process to do this may become important when demand for the services of a center exceeds its capacity to deliver. Both centers described current ongoing relationships as being based on the needs of a maturing enterprise, where most clients are in a startup phase when first contacting their centers.
- C Sales is an appropriate but not sufficient indicator of impact of CBE efforts. Because so many of their clients are startup operations, and their need is for startup financing, whether they are in business within 6 months of the CBE intervention and/or whether they received financing with the business plan they developed with CBE support may be better for many organizations.
- C The Management Training for Privatization program as a pilot effort is learning useful things. However, the capacity of WSU and the CBEs to make major headway at impacting a large number of companies under the current grant is doubtful. The consultant time and expertise needed for each company is significant, and the current manager of these efforts, the WSU training manager, will not be replaced after his contract ends in 1995.

- C Current MTP I efforts involve both Romanians and external experts in training and counseling support. In addition, the CBE network has been involved in the development and implementation of the current program. However, the MTP II has been done by WSU staff (including the two interns). It is unclear how the MPT program will be managed and implemented in the future, since the WSU on-site training director position has ended.
- C If the establishment of an undergraduate business program at PUB is part of the current MTEEP project as stated in the grant agreement, care should be taken that it does not draw too much focus/energy from WSU and/or PUB from other program activities.

10.4 Recommendations

1. WSU should implement reporting systems for M&E including semiannual tracking of progress against the adopted indicators by component and by partner institution.
2. Utilizing the results from the Lancashire report and the sustainability plans for each CBE, WSU should assess carefully the potential for success of each center based on the resources available during the grant period and modify their assistance package to maximize sustainable impact.
3. During the second half of 1996, WSU should look at the other three components of their program and compare their potential for sustainable impact against the CBEs. Particular attention should be placed on the MTP program, of special interest to USAID, to determine whether the current pilot effort is sufficient.
4. Proposed indicators and reporting requirements must be agreed upon by the end of January, 1996. Kermit Moh, USAID/Romania, will be involved in this process.

A. SME Counseling, Training (CBE Centers)

Impact Level	Indicator	Data Source
Acquisition	Counselors, clients acquire skills, knowledge and confidence in subject matter	Counselor, client interviews, questionnaires Participation rate
	Participation reflects equitable gender distribution	Participation data
	Target participation numbers are reached for clients/businesses	Participation data
Satisfaction	Clients positively rate their experience	Client interviews, questionnaires
	Counselors and staff positively rate their experience	Counselor and staff questionnaires and interviews
	There is a high demand for the program	Numbers of clients wanting services
	Program is responsive to clients*/businesses* needs (availability of library resources, workshops of interest, computer resources, etc.)	Client interviews & questionnaires
Utilization	# of assisted businesses still working and/or receiving financing within 6 months of intervention	Tracking and interviewing clients Questionnaire for past clients
	Clients can demonstrate that they have applied information to their work	Tracking and interviewing past clients Questionnaire for past clients
Change	CBEs seen and used as a resource by employers; change in sales of assisted firms	Tracking and interviews with assisted businesses and local entrepreneurs

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Demand for counseling and services is high	Project materials Interviews with Project Director & trainers
	Increase in number and percent of counseling hours	Project materials Interviews with Project Director & trainers
	Training conducted by certified Romanian counselors	Project materials Interviews with Project Director & trainers
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), clients, and trainers

Sustainability Level		
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/Romania staff
	Legal status of centers; administrative & support systems in place	Observations during site visits, quarterly reports
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Romania staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection and other alternate funding mechanisms explored and established and operating (where relevant)	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

B. Management for Privatization Training I, II (and PUB undergraduate business program); indicators are currently only for the MTP program

Impact Level	Indicator	Data Source
Acquisition	Clients acquire skills, knowledge and confidence in subject matter	Client interviews, questionnaires
	Participation reflects equitable gender distribution	Participation data
	Target participation numbers are reached for clients/businesses	Participation data
Satisfaction	Clients positively rate their experience	Client interviews, questionnaires
	Counselors and staff positively rate their experience	Counselor and staff questionnaires and interviews
	There is a high demand for the program	Numbers of clients wanting services
	Program is responsive to clients*/businesses* needs (availability of library resources, workshops of interest, computer resources, etc.)	Client interviews & questionnaires
Utilization	# of assisted businesses implementing programs in-house	Tracking and interviewing clients Questionnaire for past clients
Change	# or % of businesses indicating improvement in performance	Tracking and interviewing clients Questionnaire for past clients

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Demand for counseling and services is high	Project materials Interviews with Project Director & trainers
	Increase in number and percent of counseling hours	Project materials Interviews with Project Director & trainers
	# of Romanian experts implementing MTP program	Project materials Interviews with Project Director & trainers
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), clients, and trainers
Organizational: All necessary procedures and policies are established and effectively implemented	% of Romanian management of MTP program	Interviews with U.S. and local Project Directors
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Romania staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection and other alternate funding mechanisms explored and established and operating (where relevant)	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

C. Office of Human Resource Management (implementation in 1996)

Impact Level	Indicator	Data Source
Satisfaction	Clients positively rate their experience	Client interviews
	staff positively rate their experience	staff questionnaires and interviews
	There is a high demand for the program	Numbers of clients wanting services
	Program is responsive to clients* needs	Client interviews & questionnaires
Utilization	change in student demand	Tracking and interviewing clients Questionnaire for past clients
Change	% of students placed	Project records

Sustainability Level		
Programmatic: General support is sufficient for high quality program delivery	% of program handled by trained local staff	Interviews with U.S. and local project directors

Sustainability Level		
Organizational: All necessary procedures and policies are established and effectively implemented	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local project directors, and USAID/Romania Staff
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local project directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local project directors, and USAID/Romania Staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Interviews with U.S. and local project directors, and USAID/Romania Staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff Quarterly reports

D. Information Resource Distribution

Impact Level	Indicator	Data Source
Satisfaction	Clients positively rate their experience	Client interviews
	Counselors and staff positively rate their experience	Counselor and staff questionnaires and interviews
	There is a high demand for the program	Numbers of clients wanting services
	Program is responsive to clients*/businesses* needs (availability of library resources, workshops of interest, computer resources, etc.)	Client interviews & questionnaires
Utilization	Change in number of inquires	Tracking and interviewing clients Questionnaire for staff

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), clients, and trainers

Sustainability Level		
Organizational: All necessary procedures and policies are established and effectively implemented	% of Romanian management of program	Interviews with U.S. and local Project Directors
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Romania staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Fee collection and other alternate funding mechanisms explored and established and operating (where relevant)	Interview with Project Director, local staff
	Support by host institution is evident and sufficient	Interview with Project Director, local staff
	Increasing percentage and sources of institution/program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

Chapter 11 Slovakia

11.0 Country Background Information

Formerly the munitions manufacturing center for the Eastern Bloc, Slovakia faces the task of re-orienting heavy industry, creating retraining programs to deal with relatively high unemployment, and locating capital for investment in new businesses.

Slovakia demonstrated early initiative in its efforts to privatize state owned enterprises. By 1992, the private sector represented 32 percent of the GDP.⁴⁰ In 1994, 500 large enterprises were privatized, as was 90 percent of small enterprises, and the government predicted that by 1996, all state-owned enterprises would be privatized. However, partly because of Slovakia's focus on exports to the Czech Republic, and its limited appeal to foreign investors, the pace slowed tremendously. One of the dilemmas facing many of the countries engaged in privatization is the "privatization in name" situation, in which, through management buy-outs, companies become privately owned; however the management structure, leadership and practices remain the same as under centralized planning. There is some sentiment that privatization under President Meciar remains just this. In fact, some reports suggest that his administration stopped the privatization of Slovakia's only newspaper printing plant as part of an effort to control the media.⁴¹ In fact, radio and television are controlled by councils responsible to Parliament, and are therefore under the control of the ruling party.⁴² Hence there is a tremendous need for a programs like the WEMBA and short-cycle education opportunities.

Higher Education. The University of Pittsburgh program launches in an environment in which 94 percent of higher education expenditures are covered by the state,⁴³ and the target, nationally, for funds provided through fees paid by students is 10 percent. In other words, the general population has few corollaries for fee-for-service programs, like the Executive MBA being started through the MTEE program. There currently is no incentive for universities to partner with business to develop education and training programs, however a UNESCO report (1994) predicts that legislation will emerge that would either exempt from tax income to universities from tuition for these programs, or tax such income at a lower rate. Either strategy would greatly benefit the MTEE program.

11.1 USAID Office

For fiscal year 1995, USAID had budgeted almost \$28 million to support these objectives:

1. Economic restructuring including privatization of private enterprises, enterprise restructuring, bank recapitalization, accelerated development of capital markets.
2. Building democracy including strengthening non-governmental organizations, decentralizing power, support multi-voiced media.

⁴⁰ USAID, (1994). *SEED Country Assistance Strategies Update: Slovakia*.

⁴¹ Rosenberg, T. (1995). *The haunted land*. New York: Random House.

⁴² USAID (1995). *FY 1996 Assistance to Central and Eastern Europe: Slovak Republic*.

⁴³ UNESCO, (1994). *Higher Education in Europe: trends, Issues and New Laws in Higher Education*, XIX (1), 97 - 101.

3. Social sector restructuring including the conversion of public sector housing to private sector, assisting in health care and educational reform.

For fiscal year 1996, privatization support remains a priority for USAID programs. Efforts focus on issues such as creating a strong banking system, developing a rational land market, upgrading business skills and addressing obstacles to small and medium enterprise development.⁴⁴

The circumstances under which this project was funded are unusual and a bit unclear. From conversations with the University of Pittsburgh staff, it seems that the USAID-Slovakia office selected the partner institution, the Economics University in Bratislava (EUB), and made working with them a condition of the grant. Perhaps not intentioned, but this set up unfortunate dynamics: the potential for a bidder's war to secure the grant, and for a reduction in the motivation level at EUB -- they knew they were getting the money. The University of Pittsburgh is now in the position of having to meet some very high expectations, discussed below.

11.2 The University of Pittsburgh

The University of Pittsburgh is beginning a new program in partnership with the Economics University in Bratislava. The program, called the Slovak Institute for Post Doctoral and Post Graduate Studies (SIPPS) serves as a home to an Executive MBA program (WEMBA), a full-time MBA program, and a Post doctoral and Post-graduate program in economics. SIPPS has no faculty appointments but serves as an umbrella organization for four of the faculties in the Economics University: commerce, informatics (quantitative analysis), management, and national economy. Faculty may be retrained through their participation in the WEMBA, MBA and Ph.D. programs and will be eligible to apply for grant money through SIPPS. It is essentially an analogue to CERGE-EI without faculty appointments.

WEMBA Program. The Economics University wanted a rapid start-up, and as the implementation process was delayed by a year, the University of Pittsburgh team is under tremendous pressure to get the program off the ground. The cooperative agreement was drafted in September, 1995, and signed in October of 1995. The evaluation team met with Dr. Kevin Sontheimer, UPitt Project Director, in Prague in December, 1995. Because of the desire for the rapid start, UPitt opted to begin with the WEMBA program, scheduled to start classes in January, 1996. Given the way the WEMBA program is structured, with a few courses running initially, it is possible to stagger faculty training to a greater degree than is possible when one initiates a full-time MBA, where all of the courses for the first semester begin at the same time. In fact, a full-time MBA requires at least a year's lead time to prepare the faculty.

WEMBA-style programs are historically well respected and understood as vehicles for continuing education. Similarly scheduled programs were originally sponsored through enterprises. For example, in management, upgrading employees' engineering qualifications was conducted on weekends through a centralized education programs. The brochure for the program has been circulating since at least November, if not earlier, and thus far, enrollments seem promising (see

⁴⁴ USAID (1995). *FY 1996 Assistance to Central and Eastern Europe: Slovak Republic*.

below).

Faculty preparation. Four faculty members are or have been at UPitt training for participation in the January program start. A fifth will go to Pittsburgh in January. The process begins with the development of a set of faculty applicants by the Vice Rector. UPitt selects the Slovak faculty by matching their interests to a WEMBA course needing an instructor. The Pittsburgh academic calendar drives the selection and preparation process, creating a six month lag time between selection and actual teaching. Those selected go to Pittsburgh where they attend the course they plan to teach, and collaborate with their host and mentor faculty. They receive library and computer support, attend other doctoral seminars of interest, and do the behind-the-scenes preparation necessary to transfer the class to Slovakia.

The faculty then return to Slovakia with the mentor to teach together, although the rapid start up demands has meant that the mentor has not always been able to adjust his or her U.S. schedule enough to permit a stay in Slovakia. In that event, the Slovak faculty member is linked with another U.S. faculty member who will come to Slovakia to team teach.

The pair teaches one term of the class together (that will occur starting in January, 1996), and then the Slovak faculty member takes over alone the second time the class is offered.

If this sounds similar to the CMC and CERGE programs in the Czech Republic, that is because the programs were deliberately modeled after them. For example, the WEMBA program follows the seven week module established by CMC. Students attend class for six hours on Friday afternoon and evening; then they attend class for six hours on Saturday. One course is two modules long.

Prospective students. The WEMBA program is targeting upper level managers. As of December 1, 1995, UPitt was aware that several prominent business people had enrolled in the WEMBA program including:

- C the CEO of Kerametal, who is the top executive of the country (he would have never gone to CMC, according to UPitt staff, because of the travel time);
- C the CEO of Chemosvit, a firm of 3,000 employees and also the Chairperson of the Slovak employers council;
- C the President of SIPOX, a large holding company; and
- C his son, a manager of SIPOX.

Full-time MBA. This program is expected to begin sometime in 1997, using the one-year model from UPitt. The courses will be taught in English, and they expect to use some WEMBA faculty as faculty for this program. The program is expected to focus on international business, not just U.S. strategies, and so will incorporate international standards and approaches where applicable.

Ph.D. Program. Starting February 1, 1996, the preparation for the postdoctoral program in economics (the Ph.D.) will begin with an eight month residence by UPitt faculty in Bratislava. They will be developing the programs in microeconomics, macroeconomics and econometrics.

11.3 Findings

- C ***Emergence of another, regional MBA program.*** The evaluation team explored the issue of program duplication with Project Director, Kevin Sontheimer. The CMC and CERGE-EI programs, also initiated by the University of Pittsburgh in the Czech Republic, were started when the Czech Republic and Slovakia were one country, hence these were intended to serve both regions. However, with the separation of the two countries, the newly formed Slovakia government and USAID mission requested the program. The reasons those involved in this program believe that another MBA program is needed in the region are:
- a) the strong sense of nationalism and the wish not to have to rely on programs external to the country;
 - b) the financial incentive to Slovak students to have a Slovak program as the Slovak government will not pay for their education elsewhere, like in the Czech Republic; and
 - c) the convenience of a local program, particularly for the WEMBA students for whom a five hour commute (to Prague) is unworkable. For the full-time program, the location of the program provides an incentive for firms to send their top clientele, those whom they could ill afford to send to Prague for a year.
- C ***Local Competition.*** City University (Bellevue, WA) offers another MBA program (both WEMBA and full-time). They receive \$100,000 from the Andrew Mellon Foundation in support of their library, but evidently Mellon, as well as PEW Charitable Trusts and Rockefeller Foundation, is withdrawing from Central Europe funding opportunities. The University of Pittsburgh view of City University's program is that the faculty have limited business experience. The UPitt program will be taught by Ph.D.s with extensive business consulting experience.
- C Cornell University is also present in Slovakia, in partnership with the University of Agriculture in Nitra. They established the Institute of Economic Studies in 1993 to award a certificate for a "Professional Master" degree (with the plan for the University of Agriculture to award the degree, not a certificate, once the Master's degree is recognized by the Slovak ministry of education). The one year program focuses on business and economics courses addressing the needs of those in the food and agricultural processing industries, agricultural policy development, and related business support industries. The program receives funding from the Andrew Mellon Foundation and the HESP Open Society Fund.
- C ***Faculty preparation.*** Faculty preparation for the full time program poses a significant challenge, even though it seems a long way off. The training for the third year's courses for the WEMBA program takes place in the second half of the second year -- the time during which the training for the full-time MBA would also be occurring. They will need a sufficiently large pool of faculty to be able to prepare for and deliver both programs on time.
- C ***Language of Instruction.*** The full time MBA will be taught in English, however, if it were taught in Slovak, the University could get European Union funds. This approach, however, might limit the program's regional draw as they are likely to find more Central European students who speak English than speak Slovak.

11.4 Recommendations

1. At the time of the proposal, UPitt had not named the in-country (local) Coordinator. The evaluation team is unclear whether this position has been filled as of December, 1995. If it has not, the team recommends that it be filled immediately as the on-site person needs to be available with the start of the WEMBA program, at a minimum.
2. The project is very ambitious. The evaluation team encourages UPitt and EUB to think through their time line and expectations carefully, to perhaps refocus the program so as not to stretch what limited funding there is beyond its capacity. In particular, it may not be necessary to focus on the development of the Ph.D. component at the present. The evaluation team is firmly committed to the use of Ph.D. level education in the economic transformation process. However, given the limited resources (most notably money and time), a greater, faster impact may be achieved by focusing on the development of the WEMBA and MBA programs at this time.
3. Indicators for Impact and Sustainability. The project has not yet begun formal implementation, although faculty training is under way. The evaluation team has sketched out tentative indicators, based on the general model and approach of the grant, and will refine these during the site visit in May, 1996.

Impact Level	Indicator	Data Source
Acquisition	Students acquire skills, knowledge and confidence in subject matter	Faculty interviews Student interviews Graduation rate
	Enrollments reflect regional reach of program (balance of Slovak and of CEE students)	Enrollment data
	Enrollments reflect equitable gender distribution	Enrollment data
	Target enrollment numbers are reached for entering class	Enrollment data
Satisfaction	Students positively rate their experience	Student questionnaires and interviews
	Faculty and staff positively rate their experience	Faculty and staff questionnaires and interviews
	There is a high demand for the program	Numbers of qualified student and faculty applicants
	Program retains faculty and students in degree programs	Turn-over rate in faculty; drop-out rate in students; possibly exit interviews of students who leave, by SIPPS staff, to learn why (separate insufficient academic preparation from dissatisfaction)

	Program is responsive to students* and faculty*s needs (availability of library resources, courses and seminars of interest, computer resources, etc.)	Student and faculty interviews and questionnaires
Utilization	Graduates acquire some benefit from having completed degree program (for example, better paying job)	Tracking and interviewing graduates Questionnaire for graduates
	SIPPS is seen and used as a resource by employers	Interviews with local employers alumni network members, and local businesses
Change	Slovak ministry staff are aware of and make use of resources available through students and faculty in SIPPS programs	Interviews with ministry staff
	Target enrollment numbers are retained through program ⁴⁵	Enrollment data

Sustainability Level		
Programmatic: general support is sufficient for high quality program delivery	Permanent faculty is well trained and its teaching is well received	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Visiting faculty effectively adapt their courses to local issues and needs	Questionnaire from Project Director(s), students, permanent and visiting faculty Interviews with Project Director(s), students, permanent and visiting faculty
	Curriculum is approved by the degree-granting institution	Project materials Interview with Project Director
	Necessary space, computers, library materials and support staff are available	Observation during site visits Interviews with Project Director(s), students, permanent and visiting faculty

⁴⁵ These numbers may represent fewer than 100% of the entering class as any academic program experiences a small amount of attrition. The evaluation team will consult with SIPPS to establish an acceptable rate of continuation/attrition.

Sustainability Level		
Organizational: All necessary procedures and policies are established and effectively implemented	Advisory Committee membership has balance of U.S. and Slovak representation	Program documents Interviews with Project Director, and permanent and visiting faculty
	Increasing percentage of local staff with administrative authority and responsibility	Interviews with U.S. and local Project Directors, and USAID/ Slovakia staff
	Recruitment and admissions processes result in an equitable selection of targeted numbers of high quality students	Interviews with U.S. and local Project Directors, USAID/Slovakia staff, permanent and visiting faculty, and students Enrollment data
	Self-evaluation mechanisms are developed and implemented; findings are applied to operations	Interviews with U.S. and local Project Directors
	Long range strategic plans for funding and program development are developed, implemented, evaluated and revised when needed	Interviews with U.S. and local Project Directors, USAID/Slovakia staff
Financial: Funding sources and procedures permit the program to run independently of this USAID grant	Tuition policies, fee collection, and other alternate funding mechanisms are established and operating	Interview with Project Director, local staff
	Increasing percentage and sources of institutional/ program funds from non-USAID sources	Interview local staff and faculty Quarterly reports

Appendix A

MTEEP M&E Methodology